

Camlin Limited

Director's annual report and consolidated financial statements

Year ended 31 December 2019

Registered number: NI 073204



Camlin Limited

Director's annual report and consolidated financial statements

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Camlin Limited

Directors and other information

Directors

John Cunningham
Peter Cunningham
Michael Cunningham
Lee Tumilty
Michael Walsh
Colin McIlroy
Adrian Moore
Francesco Sciocchetti
Luca Ascari
Roland Weir

Secretary

Lee Tumilty

Registered office

31 Ferguson Drive
Knockmore Hill Industrial Park
Lisburn
BT28 2EX

Auditor

KPMG
Chartered Accountants
The Soloist Building
1 Lanyon Place
Belfast
BT1 3LP

Bankers

Danske Bank NI
Lisburn Branch
62-66 Bow Street
Lisburn
Co. Antrim
BT28 1YS

Solicitors

Tughans
Marlborough House
30 Victoria Street
Belfast
BT1 3GS

Registered number

NI 073204

Camlin Limited

Strategic report

Business review

Principal activities

Camlin Limited ("the company") is a holding company for the Camlin Group which supplies an innovative range of products and services to the power, rail and photonics industries.

The company has the following subsidiaries:

- 100% subsidiary called Kelvatek Limited
- 100% subsidiary called Camlin Technologies Limited
- 84.6% subsidiary called Camlin Power Limited
- 92% subsidiary called Camlin Sensor Technologies Limited
- 100% subsidiary called Camlin Rail Limited
- 100% subsidiary called Camlin Photonics Limited
- 75% subsidiary called Henesis (NI) Limited
- 100% subsidiary called Camlin (Australia) Pty Limited
- 100% subsidiary called Camlin Rus OOO
- 100% subsidiary called Camlin France SAS
- 100% subsidiary called Camlin Power Canada Inc.

The subsidiaries of Kelvatek Limited include:

- 100% subsidiary called Kelvatek Distributors India Limited
- 60% subsidiary called Kelvatek Monitoring Limited
- 100% subsidiary called Camlin Power Technology (Shanghai) Limited

The subsidiaries of Camlin Technologies Limited include:

- 100% subsidiary called Camlin Technologies (Scotland) Limited
- 96% subsidiary called Camlin Technologies Denmark A/S
- 100% subsidiary called Camlin Technologies Italy Srl
- 100% subsidiary called Camlin Technologies Poland Limited Sp Z.O.O
- 100% subsidiary called Camlin Technologies (Czech Republic) S.R.O
- 100% subsidiary called Camlin Technologies Netherlands B.V.
- 1% subsidiary called Camlin Power Participacoes Ltda
- 100% subsidiary called Camlin Technologies Switzerland AG

The subsidiaries of Camlin Power Limited include:

- 100% subsidiary called Camlin Power Inc.
- 99% subsidiary called Camlin Power Participacoes Ltda

Henesis (NI) Limited has one 100% subsidiary called Camlin Italy Srl

Performance and development during the year

The results for the group show a pre-tax profit of £1,353,751 (2018: £2,063,596) for the year ended 31 December 2019 and turnover for the year of £33,017,157 (2018: £24,899,949). The group's net assets at 31 December 2019 were £16,108,925 (2018: £12,593,982).

The directors consider that the result for the year as set out on page 11 is in line with their expectations.

Camlin Limited

Strategic report *(continued)*

Business review *(continued)*

Key performance indicators

Key performance indicators used by management include turnover which amounted to £33,017,157 (2018: £24,899,949) for the year. Given the straightforward nature of the business, the group's directors are of the opinion that further analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

Employee engagement

The Directors are aware of the need to effectively communicate and engage with employees. During the year, the Directors communicated with employees through the use of an internal messaging system incorporated within the online HRM system. On a regular basis, both written and audio-visual content was shared with the employees to keep them up to date and informed on relevant Group news and events. Additionally, to support the need for direct engagement with employees, the CEO and Senior Management held a number of town hall sessions for the benefit of all employees where the performance and outlook of the Group were presented. The Directors are committed to maintaining and further developing employee engagement.

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company are considered to relate to customer demand and employee retention.

Financial risk management

The group's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk. The directors review and agree policies for the prudent management of financial risks as follows:

Price risk

The group is not exposed to significant commodity price risk.

Credit risk

The group's principal financial assets are bank balances and trade and other receivables. The group's credit risk is primarily attributable to its trade receivables. Customers who wish to trade on credit terms are subject to strict verification procedures in advance of credit being awarded and are continually being monitored. In markets which are perceived as being more prone to credit risk, customers must provide a letter of credit or accept to trade on a pro-forma basis. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The group has no significant concentration of credit risk, with exposure spread over a large number of customers.

Cash flow risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and changes in interest rates.

Camlin Limited

Strategic report *(continued)*

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group uses bank facilities as required.

Subsequent events

The group has performed a risk assessment related to the outbreak of COVID-19 and identified a number of specific risks which it has sought to mitigate. These risks and associated mitigations are discussed below in more detail.

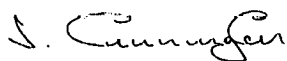
Impacts related to the supply chain caused by disruption to supplier operations leading to potential parts shortages or increased lead times on deliveries. The group is engaging with all its key suppliers to ensure parts are available on time and in sufficient quantities to ensure limited impact on business operations.

Impacts related to the manufacturing capacity of the group due to labour shortages arising from recommended isolation time for suspected COVID-19 cases and government lockdowns. The group has utilised labour from across other functions to supplement the manufacturing department to help address any shortages and has been assessed as an essential supplier by a number of core customers meaning that Government restrictions on continued operations have not applied.

Impacts related to working capital and cashflow pressures arising from a reduction in demand or delays in order fulfilment. The group has not witnessed a significant reduction in customer activities throughout the early stages of the COVID-19 pandemic largely thought to be due to the group's customer base being in the Power, Rail and Gas industries which are essential to everyday life. However, the group has performed a range of sensitivity analyses to ensure that it is well placed to react to the evolving nature of the pandemic and has unutilised lines of credit within its banking facilities which can be used to alleviate any short term cashflow pressures.

Impacts related to the changing nature of doing business remotely. The group has followed Government guidelines and requested employees, where possible, to work from home. The group has adapted to the use of new technologies to ensure that both internal communications between employees and external communications with customers can continue whilst countries around the world are limiting the movement of people.

On behalf of the board



John Cunningham
Director

07 May 2020

Camlin Limited

Directors' report

The directors' present their report and audited financial statements for the year ended 31 December 2019.

Dividends

No dividends were paid or proposed for either the year ended 31 December 2019 or the prior year ended 31 December 2018.

Research and development

Direct research and development expenditure of £11,188,758 (2018: £11,186,728) was incurred in the year of which £5,520,508 (2018: £4,671,395) was expensed to the profit and loss account and £5,668,252 (2018: £6,515,333) was capitalised as an intangible asset. The costs relate to engineering salaries and expenses incurred in the research and development of new and existing products.

Directors

The directors who held office during the year were:

John Cunningham
Pèter Cunningham
Michael Cunningham
Lee Tumilty
Michael Walsh
Colin McIlroy
Adrian Moore
Francesco Sciocchetti
Luca Ascari
Roland Weir

The secretary of the company during the year was Lee Tumilty.

Political donations

During the year the group made political donations of £Nil (2018: £Nil) nor incurred any political expenditure.

Future outlook

It is the directors' intention to continue to develop the present activities of the group through continued expansion into new markets and development of new products. The directors regard investment in research and development as integral to the continuing success of the business through ensuring they provide their customers with innovative products that continue to match customer needs.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that so far as they are aware, there is no relevant audit information of which the group's auditors are unaware; and they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

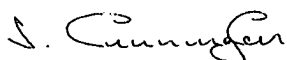
Camlin Limited

Directors' report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG will therefore continue in office.

On behalf of the board



John Cunningham
Director

7 May 2020

Camlin Limited

Statement of directors' responsibilities in respect of the directors' report, the strategic report and the consolidated financial statements

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

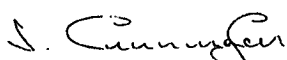
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the company for that period. In preparing these group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group and parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

On behalf of the board



John Cunningham
Director

7 May 2020



KPMG
Audit
The Soloist Building
1 Lanyon Place
Belfast BT1 3LP
Northern Ireland

Independent auditor's report to the members of Camlin Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Camlin Limited ('the Company') for the year ended 31 December 2019 set out on pages 11 to 47, which comprise the consolidated profit and loss account, the consolidated other comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated cash flow statement and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- the financial statements have been properly 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 Group in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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.

We have nothing to report on going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and as they have concluded that the Group and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group and the company's business model, including the impact of Brexit, and analysed how those risks might affect the group and the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.



Independent auditor's report to the members of Camlin Limited *(continued)*

Report on the audit of the financial statements *(continued)*

We have nothing to report on going concern *(continued)*

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the Parent Company will continue in operation.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic and directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information;

- we have not identified material misstatements in the directors' report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

We have nothing to report in these respects.



Independent auditor's report to the members of Camlin Limited *(continued)*

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 7 the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent 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 they either intend to liquidate the Group and Parent 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our 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.

7 May 2020

John Poole (Senior Statutory Auditor)
for and on behalf of KPMG, Statutory Auditor
Chartered Accountants
The Soloist Building
1 Lanyon Place
Belfast
BT1 3LP

Camlin Limited

Consolidated profit and loss account for the year ended 31 December 2019

	<i>Note</i>	2019 £	2018 £
Turnover	2	33,017,157	24,899,949
Cost of sales		(11,465,967)	(8,819,626)
		<hr/>	<hr/>
Gross profit		21,551,190	16,080,323
Administrative expenses		(20,407,086)	(18,328,029)
Other operating income	3	1,125,209	502,692
		<hr/>	<hr/>
Group operating profit/(loss)		2,269,313	(1,745,014)
Interest receivable and similar income	7	17,142	12,651
Interest payable and similar charges	8	(931,670)	(331,233)
Amounts written off investments		(1,034)	-
		<hr/>	<hr/>
Profit/(loss) before taxation		1,353,751	(2,063,596)
Tax on profit on ordinary activities	9	2,204,672	1,531,568
		<hr/>	<hr/>
Profit/(loss) after tax		3,558,423	(532,028)
Minority interest		(446,228)	(188,261)
		<hr/>	<hr/>
Profit/(loss) for the financial year		3,112,195	(720,289)
		<hr/> <hr/>	<hr/> <hr/>

All reported profits and losses arise from continuing operations.

The notes on pages 20 to 47 form part of these financial statements.

Camlin Limited

Consolidated other comprehensive income for the year ended 31 December 2019

	2019 £	2018 £
Profit/(loss) for the year	3,558,423	(532,028)
Other comprehensive income		
Foreign exchange differences on translation of foreign operations	(44,110)	(39,653)
Other comprehensive income for the year, net of income tax	(44,410)	(39,653)
Total comprehensive income/(loss) for the year	3,514,313	(571,681)
Total comprehensive income attributable to:		
Shareholders of the holding undertaking	3,068,085	(759,942)
Minority interests	446,228	188,261

All reported profits and losses arise from continuing operations.

The notes on pages 20 to 47 form part of these financial statements.

Camlin Limited

Consolidated balance sheet as at 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
<i>Intangible assets</i>					
Goodwill	10	305,292		470,343	
Other intangibles	10	24,782,109		21,998,768	
			25,087,401		22,469,111
Tangible assets	11		6,794,150		7,683,835
			31,881,551		30,152,946
Current assets					
Stocks	13	4,197,616		4,224,503	
Debtors	14	10,860,885		9,462,138	
Cash at bank and in hand	15	2,561,444		2,645,565	
		17,619,945		16,332,206	
Creditors: amounts falling due within one year	16	(18,334,519)		(17,389,357)	
Net current liabilities			(714,574)		(1,057,151)
Total assets less current liabilities			31,166,977		29,095,795
Creditors: amounts falling due after more than one year	17		(11,134,929)		(12,936,430)
Provisions for liabilities					
Deferred tax liability	21		(3,848,756)		(3,490,386)
Other provisions	22		(74,997)		(74,997)
Net assets			16,108,295		12,593,982

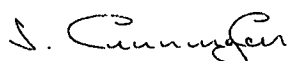
Camlin Limited

Consolidated balance sheet (continued)

	Note	2019 £	2019 £	2018 £	2018 £
Capital and reserves					
Called up share capital	24	963,820		963,820	
Capital contribution	24	1,261,469		1,675,809	
Capital redemption reserve		2,721,375		2,721,375	
Profit and loss account		10,601,874		7,119,449	
Other reserves		(248,310)		(248,310)	
Equity attributable to the parent's shareholders			15,300,228		12,232,143
Minority interests			808,067		361,839
Shareholders' funds			16,108,295		12,593,982

These financial statements were approved by the board of directors on 7 May 2020.

On behalf of the board



John Cunningham
Director

Company registration number: NI 073204

The notes on pages 20 to 47 form part of these financial statements.

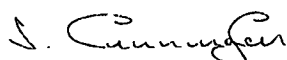
Camlin Limited

Company balance sheet as at 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Investments	12	2,275,956		2,275,956	
Tangible assets	11	112,138		84,009	
			2,388,094		2,359,965
Current assets					
Debtors	14	44,455,062		35,770,293	
Cash at bank and in hand	15	9,181		-	
		44,464,243		35,770,293	
Creditors: amounts falling due within one year	16	(39,646,520)		(29,333,535)	
Net current assets			4,817,723		6,436,758
Total assets less current liabilities			7,205,817		8,796,723
Creditors: amounts falling due after more than one year	17		(7,915,010)		(8,278,819)
Net (liabilities)/assets			(709,193)		517,904
Capital and reserves					
Called up share capital	24		963,820		963,820
Capital contribution	24		1,261,469		1,675,809
Capital redemption reserve			2,721,375		2,721,375
Profit and loss account			(5,655,857)		(4,843,100)
Shareholders' funds			(709,193)		517,904

These financial statements were approved by the board of directors on 7 May 2020.

On behalf of the board



John Cunningham
Director

Company registration number: NI 073204

The notes on pages 20 to 47 form part of these financial statements.

Camlin Limited

Consolidated statement of changes in equity, as at 31 December 2019

	Called up share capital £	Capital contribution £	Capital redemption reserve £	Profit and loss account £	Other reserves £	Total shareholders' equity £	Minority interests £	Total equity £
Balance at 1 January 2018	963,820	-	2,721,375	7,845,963	(248,310)	11,282,848	173,578	11,456,426
Total comprehensive income for the year								
Profit or loss	-	-	-	(720,289)	-	(720,289)	188,261	(532,028)
<i>Other comprehensive income</i>								
Foreign exchange differences on translation of subsidiary undertakings	-	-	-	(39,653)	-	(39,653)	-	(39,653)
Total comprehensive income/(loss) for the year	-	-	-	(759,942)	-	(759,942)	188,261	(571,681)
Transactions with owners, recorded directly in equity								
Capital contribution	-	1,709,237	-	-	-	1,709,237	-	1,709,237
Release of capital contribution	-	(33,428)	-	33,428	-	-	-	-
Total contributions by and distributions to owners	-	1,675,809	-	33,428	-	1,709,237	-	1,709,237
Balance at 31 December 2018	963,820	1,675,809	2,721,375	7,119,449	(248,310)	12,232,143	361,839	12,593,982

The notes on pages 20 to 47 form part of these financial statements.

Camlin Limited

Consolidated statement of changes in equity as at 31 December 2019

	Called up share capital £	Capital contribution £	Capital redemption reserve £	Profit and loss account £	Other reserves £	Total shareholders' equity £	Minority interests £	Total equity £
Balance at 1 January 2019	963,820	1,675,809	2,721,375	7,119,449	(248,310)	12,232,143	361,839	12,593,982
Total comprehensive income for the year								
Profit or loss	-	-	-	3,112,195	-	3,112,195	446,228	3,558,423
<i>Other comprehensive income</i>								
Foreign exchange differences on translation of subsidiary undertakings	-	-	-	(44,110)	-	(44,110)	-	(44,110)
Total comprehensive income for the year	-	-	-	3,068,085	-	3,068,085	446,228	3,514,313
Transactions with owners, recorded directly in equity								
Capital contribution	-	-	-	-	-	-	-	-
Release of capital contribution	-	(414,340)	-	414,340	-	-	-	-
Total contributions by and distributions to owners	-	(414,340)	-	414,340	-	-	-	-
Balance at 31 December 2019	963,820	1,261,469	2,721,375	10,601,874	(248,310)	15,303,228	808,067	16,108,295

The notes on pages 20 to 47 form part of these financial statements.

Camlin Limited

Company statement of changes in equity as at 31 December 2019

	Called up share capital £	Capital contribution £	Capital redemption reserve £	Profit and loss account £	Total equity £
Balance at 1 January 2018	963,820	-	2,721,375	(1,788,115)	1,897,080
Total comprehensive income for the year					
Profit or loss	-	-	-	(3,088,413)	(3,088,413)
Total comprehensive income for the year	-	-	-	(3,088,413)	(3,088,413)
Transactions with owners, recorded directly in equity					
Capital contribution	-	1,709,237	-	-	1,709,237
Release of capital contribution	-	(33,428)	-	33,428	-
Total contributions by and distributions to owners	-	1,675,809	-	33,428	1,709,237
Balance at 31 December 2018	963,820	1,675,809	2,721,375	(4,843,100)	517,904
Balance at 1 January 2019	963,820	1,675,809	2,721,375	(4,843,100)	517,904
Total comprehensive income for the year					
Profit or loss	-	-	-	(1,227,097)	(1,227,097)
Total comprehensive income for the year	-	-	-	(1,227,097)	(1,227,097)
Transactions with owners, recorded directly in equity					
Capital contribution	-	-	-	-	-
Release of capital contribution	-	(414,340)	-	414,340	-
Total contributions by and distributions to owners	-	(414,340)	-	414,340	-
Balance at 31 December 2019	963,820	1,261,469	2,721,375	5,655,857	(709,193)

The notes on pages 20 to 47 form part of these financial statements.

Camlin Limited

Consolidated cash flow statement as at 31 December 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
(Loss)/profit for the year		3,558,423	(532,028)
<i>Adjustments for:</i>			
Depreciation and amortisation	10,11	3,646,370	3,229,260
Interest receivable and similar income		(17,142)	(12,651)
Interest payable and similar charges	8	217,330	331,233
Loss on sale of fixed assets	4	21,733	-
Impairment of intangible assets	10	499,793	721,004
Taxation	9	(2,204,673)	(1,531,568)
Government grants	3	(524,022)	(287,649)
Movement in deferred tax	21	(364,382)	-
Realised net gain on derivatives	7	-	-
		<hr/>	<hr/>
		4,833,330	1,917,601
(Increase)/decrease in trade and other debtors		(1,298,164)	(1,589,380)
Decrease/(increase) in stocks		26,887	360,133
Decrease in trade and other creditors		(420,210)	(1,321,666)
		<hr/>	<hr/>
		3,982,263	(633,312)
Tax received		2,146,918	1,998,742
		<hr/>	<hr/>
Net cash from operating activities		6,129,181	1,365,430
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		23,782	-
Acquisition of tangible fixed assets		(241,264)	(243,905)
Proceeds from the receipt of government grants		203,347	374,918
Acquisition of other intangible assets	10	(5,689,218)	(6,522,566)
		<hr/>	<hr/>
Net cash used in investing activities		(5,703,353)	(6,391,553)
Cash flows from financing activities			
Net interest paid		(200,188)	(285,154)
Repayment of borrowings		(153,773)	(537,451)
Payment of finance lease liabilities		(264,769)	(258,267)
Proceeds from new loans		-	7,780,339
		<hr/>	<hr/>
Net cash (used in)/from financing activities		(618,730)	6,699,467
Net increase/(decrease) in cash and cash equivalents		(192,902)	1,673,344
Cash and cash equivalents at 1 January		2,132,473	459,129
		<hr/>	<hr/>
Cash and cash equivalents at 31 December	15	1,939,571	2,132,473
		<hr/> <hr/>	<hr/> <hr/>

Camlin Limited

Notes

forming part of the consolidated financial statements

1 Accounting policies

Camlin Limited ("the company") is a company limited by shares and incorporated and domiciled in the UK. The registered number is NI073204 and the registered address is 31 Ferguson Drive, Knockmore Hill Industrial Park, Lisburn, BT28 2EX.

These group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is sterling.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company cash flow statement with related notes is included;
- Key Management Personnel compensation has not been included a second time; and
- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 29.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

1.2 Going concern

The group's business activities, together with the factors likely to affect its future development, are set out in the directors' report. On the basis of their assessment of the group's financial position and resources, the directors believe that the group is well placed to manage its business risks successfully. The group has considered the potential impacts of COVID-19 on the operations of the group and based on the actions taken to mitigate the risk, the current financial position of the group and it is satisfied that the current situation does not impact on the use of the going concern assumption in the preparation of the financial statements.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Camlin Limited

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2019. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

1.4 Foreign currency

Transactions in foreign currencies are translated into the functional currency of the group companies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

1.5 Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

Camlin Limited

Notes (continued)

1 Accounting policies (continued)

1.6 Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.7 Other financial instruments

Financial instruments not considered to be basic financial instruments (other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship.

1.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.16 below.

Camlin Limited

Notes (continued)

1 Accounting policies (continued)

1.8 Tangible fixed assets (continued)

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- | | |
|-------------------------|----------------------|
| • Land and buildings | 2-10% straight line |
| • Plant and equipment | 25% reducing balance |
| • Fixtures and fittings | 25% reducing balance |
| • IT equipment | 33% straight line |
| • Motor vehicles | 25% straight line |

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Assets held as lessor

Assets held by the group relating to contracts with customers, which are subject to operating leases are held within tangible fixed assets. Depreciation on these assets is charged to the profit and loss account on a reducing balance basis over the term of the contract, taking into consideration their estimated residual value. Income from operating leases is recognised in the profit and loss account on a straight line basis over the lease term.

1.9 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- the estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

Camlin Limited

Notes (continued)

1 Accounting policies (continued)

1.10 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 7 years. The basis for choosing this useful life is the directors' knowledge of the business and historic experience.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible, the group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the expenditure attributable to the intangible asset during its development can be measured reliably. Development activities involve design for, construction or testing of the production of new or substantially improved products.

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 impairment of assets, when there is an indication that goodwill or an intangible asset may be impaired.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the group are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible assets acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Camlin Limited

Notes (continued)

1 Accounting policies (continued)

1.11 Government grants

Employment government grants are accounted for applying the performance method. Government grant income is recognised in income when it is received or receivable (when specified performance conditions are not imposed) or when the performance related conditions are fulfilled.

1.12 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.13 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than investment property, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

Camlin Limited

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Impairment excluding stocks and deferred tax assets *(continued)*

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.14 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.15 Turnover

Turnover represents the fair value of goods, excluding value added tax, delivered to/collected by third party customers in the accounting period. Goods are deemed to have been delivered to the customer, when the customer has access to the significant benefits inherent in the goods and exposure to the risks inherent in those benefits. The group recognises an appropriate provision in respect of future costs which may be incurred to complete warranty work.

1.16 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Camlin Limited

Notes (continued)

1 Accounting policies (continued)

1.16 Expenses (continued)

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.17 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property, except when the investment property has a limited useful life and the objective of the entity's business model is to consume substantially all of the value through use. In the latter case the tax rate that is expected to apply to the reversal of the related difference is used. Deferred tax balances are not discounted.

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

Camlin Limited

Notes (continued)

2 Turnover	2019 £	2018 £
Sale of goods and services	33,017,157	24,899,949
Total turnover	33,017,157	24,899,949

All turnover is derived from the sale of goods, services and after sales support to the power, rail and photonics industries. The directors have not disclosed the geographical split of turnover as it is deemed seriously prejudicial to the interests of the group.

3 Other operating income	2019 £	2018 £
Government grants	524,022	287,649
Other income	601,187	215,043
	1,125,209	502,692

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2019 £	2018 £
Profit on disposal of fixed assets	21,733	-
Research costs expensed as incurred	5,520,508	4,671,395

Auditor's remuneration

	2019 £	2018 £
Audit of these financial statements	22,000	14,410
Amounts receivable by the company's auditor in respect of:		
Audit of financial statements of subsidiaries of the company	46,790	52,590
Taxation compliance services	30,600	30,600

Camlin Limited

Notes (continued)

5 Staff numbers and costs

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

	2019 £	2018 £
Directors	9	9
Other staff	359	375
	<u>368</u>	<u>384</u>

The aggregate payroll costs of these persons were as follows:

	2019 £	2018 £
Wages and salaries	14,748,515	13,606,244
Social security costs	2,289,986	2,054,638
Contributions to defined contribution plans	651,253	722,554
	<u>17,689,754</u>	<u>16,383,436</u>

6 Directors' remuneration

	2019 £	2018 £
Directors' remuneration	816,930	793,924
Company contributions to money purchase pension plans	33,800	32,700
	<u>850,730</u>	<u>826,624</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £114,637 (2018: £114,357) and company pension contributions of £6,000 (2018: £6,000) were made to a money purchase scheme on his behalf.

Retirement benefits are accruing to the following number of directors under:

	2019 No.	2018 No.
Money purchase schemes	<u>6</u>	<u>6</u>

Camlin Limited

Notes (continued)

7 Other interest receivable and similar income	2019	2018
	£	£
Realised gain on financial liabilities measured at		
Interest receivable	17,142	12,651
	<hr/>	<hr/>
	17,142	12,651
	<hr/> <hr/>	<hr/> <hr/>
8 Interest payable and similar charges	2019	2018
	£	£
Bank charges	92,932	225,535
Hire purchase interest	33,151	45,212
Unwind of discount on preference shares	294,012	23,401
Credit card charges	683	1,312
Interest payable	390,564	25,746
Transaction costs on loan (note 17)	120,328	10,027
	<hr/>	<hr/>
	931,670	331,233
	<hr/> <hr/>	<hr/> <hr/>
9 Taxation		
Total tax expense recognised in the profit and loss account, other comprehensive income and equity		
	2019	2018
	£	£
<i>Current tax</i>		
Current tax on income for the year	2,589,188	2,154,905
Adjustments in respect of prior periods	(323)	15,611
	<hr/>	<hr/>
Total current tax	2,588,865	2,170,516
<i>Deferred tax (see note 21)</i>		
Origination/reversal of timing differences	(433,644)	(715,856)
Change in tax rate	3,804	77,316
Adjustments in respect of previous years	45,647	(408)
	<hr/>	<hr/>
Total deferred tax	(384,193)	(638,948)
	<hr/>	<hr/>
Total tax credit	2,204,672	1,531,568
	<hr/> <hr/>	<hr/> <hr/>

Camlin Limited

Notes (continued)

9 Taxation (continued)	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
	2019	2019	2019	2018	2018	2018
	£	£	£	£	£	£
Recognised in profit and loss account	2,588,865	(384,193)	2,204,672	2,170,516	(638,948)	1,531,568
Total tax	2,588,865	(384,193)	2,204,672	2,170,516	(638,948)	1,531,568

All current tax relates to UK corporation tax.

Reconciliation of effective tax rate	2019	2018
	£	£
(Loss)/profit for the year	3,558,423	(532,028)
Total tax credit	(2,204,672)	(1,531,568)
Profit excluding taxation	1,353,751	(2,063,596)
Tax using the UK corporation tax rate of 19% (2018: 19%)	(257,214)	392,083
Effect of tax rates in foreign jurisdictions	447,871	(36,181)
Non-deductible expenses	(235,148)	(311,500)
Recognition of previously unrecognised tax losses	-	-
Research and development	2,317,720	1,347,145
Adjustments to tax charge in respect of previous periods	3,481	15,203
Impact of change in tax rates	45,647	77,316
Patent box	62,315	47,502
Total tax credit included in profit and loss	2,204,672	1,531,568

Factors which may affect future tax charges:

Reductions in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) has been calculated on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge.

Camlin Limited

Notes (continued)

10 Intangible assets and goodwill

<i>Group</i>	Goodwill £	Patents £	Research and development costs £	Other intangible assets £	Total £
Cost					
Balance at 1 January 2019	2,412,427	25,000	27,704,550	127,085	30,269,062
Additions	1	-	5,668,252	20,965	5,689,218
Exchange difference	-	-	-	(7,012)	(7,012)
Balance at 31 December 2019	2,412,428	25,000	33,372,802	141,038	35,951,268
Amortisation and impairment					
Balance at 1 January 2019	1,942,084	25,000	5,755,681	77,186	7,799,951
Amortisation for the year	165,052	-	2,382,067	21,364	2,568,483
Impairment	-	-	499,793	-	499,793
Exchange difference	-	-	-	(4,360)	(4,360)
Balance at 31 December 2019	2,107,136	25,000	8,637,541	94,190	10,863,867
Net book value					
At 31 December 2019	305,292	-	24,735,261	46,848	25,087,401
At 1 January 2019	470,343	-	21,948,869	49,899	22,469,111

Amortisation and impairment charge

The amortisation, impairment charge and impairment reversals are recognised in the following line items in the profit and loss account:

	2019 £	2018 £
Administrative expenses	3,068,274	2,770,720
	3,068,274	2,770,720

Camlin Limited

Notes (continued)

11 Tangible fixed assets	Land and buildings £	Plant and equipment £	IT equipment £	Fixtures and fittings £	Motor vehicles £	Assets held as lessor £	Total £
<i>Group</i>							
Cost							
Balance at 1 January 2019	7,515,495	2,662,464	438,888	720,047	831,828	2,112,366	14,281,088
Additions	117,519	22,268	33,389	53,215	14,869	-	241,260
Disposals	-	(97,099)	-	-	(18,021)	-	(115,120)
Effect of movements in foreign exchange	(792)	(6,776)	-	(8,862)	(554)	-	(27,217)
Balance at 31 December 2019	7,632,222	2,580,857	462,044	764,400	828,122	2,112,366	14,380,011
Accumulated depreciation							
Balance at 1 January 2019	2,172,529	1,608,309	399,351	556,943	634,255	1,225,866	6,597,253
Depreciation charge for the year	434,470	266,046	52,094	46,161	99,351	179,663	1,077,785
Disposals	-	(51,584)	-	-	(18,021)	-	(69,605)
Effect of movements in foreign exchange	(787)	(3,197)	(9,883)	(5,151)	(554)	-	(19,572)
Balance at 31 December 2019	2,606,212	1,819,574	441,562	597,953	715,031	1,405,529	7,585,861
Net book value							
At 31 December 2019	5,026,010	761,283	20,482	166,447	113,091	706,837	6,794,150
At 1 January 2019	5,342,966	1,054,155	39,537	163,104	197,573	886,500	7,683,835

Camlin Limited

Notes (continued)

11 Tangible fixed assets (continued)

Impairment loss and subsequent reversal

An impairment loss amounting to £Nil (2018: £Nil) was included within administration expenses.

Leased plant and machinery

At year end the net carrying amount of motor vehicles and plant and machinery is £77,099 (2018: £137,310) and £403,881 (2018: £612,285) respectively in relation to assets held under hire purchase contracts. Depreciation for the year on these assets was £194,839 (2018: £241,148). The leased equipment secures lease obligations (see note 19).

Security

A fixed charge over the mortgage on property at 7 Ferguson Drive, Knockmore Hill Industrial Park, Lisburn, as security for total exposure of borrowings from Danske Bank.

Land and buildings

The net book value of land and buildings comprises:

	2019 £	2018 £
Long leasehold	5,026,009	5,342,966

<i>Company</i>	Leasehold improvements £	IT equipment £	Furniture and fittings £	Total £
Cost				
Balance at 1 January 2019	22,499	12,738	260,003	295,240
Additions	-	-	50,400	50,400
Balance at 31 December 2019	22,499	12,738	310,403	345,640
Depreciation and impairment				
Balance at 1 January 2019	4,116	8,096	199,019	211,231
Depreciation charge for the year	2,250	2,676	17,345	22,271
Balance at 31 December 2019	6,366	10,772	216,364	233,502
Net book value				
At 31 December 2019	16,133	1,966	94,039	112,138
At 1 January 2019	18,383	4,642	60,984	84,009

Camlin Limited

Notes (continued)

11 Tangible fixed assets (continued)

Leased assets

Included in the cost of tangible fixed assets is £Nil (2018: £Nil) in respect of finance leases.

Land and buildings

The net book value of land and buildings comprises:

	2019 £	2018 £
Long leasehold	-	-
	<u> </u>	<u> </u>

12 Fixed asset investments

<i>Company</i>	Shares in group undertakings £	Total £
Cost		
At beginning of year	2,275,956	2,275,956
Additions	-	-
Disposals	-	-
	<u> </u>	<u> </u>
At end of year	-	-
	<u> </u>	<u> </u>
Provisions		
At beginning and end of year	-	-
	<u> </u>	<u> </u>
Net book value		
At 31 December 2019	2,275,956	2,257,956
	<u> </u>	<u> </u>
At 31 December 2018	2,275,956	2,257,956
	<u> </u>	<u> </u>

Camlin Limited

Notes (continued)

12 Fixed asset investments (continued)

Holdings of more than 20% (direct and indirect)

The company holds more than 20% of the share capital of the following companies:

Company	Registered address:	Proportion of ordinary shares held	
		2019	2018
Kelvatek Limited	1	100%	100%
Camlin Technologies Limited	1	100%	100%
Camlin Power Limited	1	84.6%	84.6%
Camlin Sensor Technologies Limited	1	92%	92%
Camlin Rail Limited	1	100%	100%
Camlin Photonics Limited	1	100%	100%
Henesis (NI) Limited	1	75%	75%
Camlin (Australia) Pty Limited	Suite 1A, Level 2, 802 Pacific Highway, Gordon NSW, 2072 Australia	100%	100%
Camlin Russia OOO	Russian Federation, 115114, Moscow, 11 Derbenevskaya Nab., room 63.	100%	100%
Camlin France SAS	C/O SFC, 18 Avenue Felix Faure, 69007 LYON	100%	100%
Camlin Power Canada Inc.	2700-700 West Georgia Street, Vancouver, BC V7Y 1B8	100%	100%
Subsidiary undertakings of Kelvatek Limited			
Kelvatek Distributors India Private Limited	# 3788, 13th Cross, Banashankari 2nd stage Near Indra Nursing Home Bus Stop Bangalore KA 560070 IN	100%	100%
Kelvatek Monitoring Limited	1	60%	60%
Camlin Power Technology (Shanghai) Co Limited	Room 101, Building No.6, 600 West Yunling Road, Putuo District, Shanghai, China 200333	100%	100%
Subsidiary undertakings of Camlin Power Limited			
Camlin Power Inc.	1765 N Elston Avenue, Unit 105, Chicago, IL 60642, USA	100%	100%
Camlin Power Participacoes Ltda	Avenida Baruel, nº 246, Bairro Vila Baruel in the city of São Paulo, State of São Paulo, CEP - 02.522-000, Brazil	99%	99%

Camlin Limited

Notes (continued)

12 Fixed asset investments (continued)

Holdings of more than 20% (direct and indirect) (continued)

<i>Subsidiary undertakings of Camlin Technologies Limited</i>		Proportion of ordinary shares held	
		2019	2018
Camlin Technologies Denmark A/S	Blokken 61, DK3460 Birkerød, Denmark	96%	96%
Camlin Technologies (Scotland) Limited	4 Bellahouston Business Centre, 423 Paisley Road West, Glasgow, Scotland, G51 1PZ	100%	100%
Camlin Technologies Poland Limited SP Z.O.O	Ul. Kamieńskiego 47/18, Kraków 30 - 644, Polska	100%	100%
Camlin Technologies Italy Srl	Socio unico, Sede Legale: Viale Dodici Giugno, 9/2 40124 Bologna (BO) Italia	100%	100%
Camlin Technologies Switzerland AG	Technoparkstr. 1, 8005 Zurich, Switzerland	100%	100%
Camlin Technologies (Czech Republic) S.R.O	V celnici 1031/4, Nové Město, ZIP 110 00 Praha 1, IN: 02600552	100%	100%
Camlin Technologies Netherlands B.V.	Wal 26, 5944 AW Arcen	100%	100%
Camlin Power Participacoes Ltda	Avenida Baruel, nº 246, Bairro Vila Baruel in the city of São Paulo, State of São Paulo, CEP - 02.522-000, Brazil	1%	1%
<i>Subsidiary undertakings of Henesis (NI) Limited</i>			
Camlin Italy Srl	Parma, Strada Budellungo, 2, 43123 Parma	100%	100%

1. 31 Ferguson Drive, Knockmore Hill Industrial Park, Lisburn, County Antrim, BT28 2EX.

The director intends to wind up Camlin Technologies Switzerland AG in the next financial year.

Camlin Limited

Notes (continued)

13 Stocks

	<i>Group</i>	
	2019	2018
	£	£
Raw materials	2,449,233	2,236,046
Work in progress	660,157	347,633
Finished goods	1,088,226	1,640,824
	<u>4,197,903</u>	<u>4,224,503</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £5,299,938 (2018: £3,398,942). The write-down of stocks to net realisable value amounted to £936,955 (2018: £738,637). The reversal of write-downs amounted to £Nil (2018: £Nil).

14 Debtors

	<i>Group</i>		<i>Company</i>	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	4,842,718	4,091,256	8,150	-
Amounts owed by group undertakings	-	-	44,045,637	35,467,644
Other debtors	2,387,995	171,743	-	-
Directors loan	10,836	36,385	-	-
Deferred tax assets (see note 21)	-	-	117,686	54,934
Prepayments and accrued income	2,307,496	2,812,509	283,589	247,715
Corporation tax	1,311,840	2,350,245	-	-
	<u>10,860,885</u>	<u>9,462,138</u>	<u>44,455,062</u>	<u>35,770,293</u>
Due within one year	10,860,885	9,462,138	44,455,062	35,770,293
Due after more than one year	-	-	-	-
	<u>10,860,885</u>	<u>9,462,138</u>	<u>44,455,062</u>	<u>35,770,293</u>

Company debtors include amounts owed by group undertakings of £Nil (2018: £Nil) due after more than one year.

15 Cash and cash equivalents

	<i>Group</i>		<i>Company</i>	
	2019	2018	2019	2018
	£	£	£	£
Cash at bank and in hand	2,561,444	2,645,565	9,181	-
Overdraft	(621,873)	(513,092)	(941)	(61,200)
	<u>1,939,571</u>	<u>2,132,473</u>	<u>8,240</u>	<u>(61,200)</u>

Camlin Limited

Notes (continued)

16 Creditors: amounts falling due within one year

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Bank loans and overdrafts	696,343	796,703	75,411	274,511
Loan from majority shareholder	967,910	967,909	967,910	967,909
Loan from director	340,000	340,000	340,000	340,000
Obligations under finance leases (see note 19)	223,247	264,769	-	-
Trade creditors	3,848,222	3,005,778	240,774	111,789
Amounts owed to group undertakings	-	-	32,749,151	22,745,576
Amounts owed to undertakings in which the entity has a participating interest	53,769	53,769	-	-
Taxation and social security	1,664,541	1,444,908	42,525	69,459
Other creditors	231,206	701,078	-	42,035
Accruals and deferred income	5,202,735	5,404,628	124,203	372,441
Deferred consideration liability	1,137,385	734,666	1,137,385	734,666
Preference share liability (note 24)	3,969,161	3,675,149	3,969,161	3,675,149
	18,334,519	17,389,357	39,646,520	29,333,535

17 Creditors: amounts falling due after more than one year

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Bank loans	1,085,973	1,160,443	1,085,973	1,160,443
Obligations under finance leases (see note 19)	234,834	458,080	-	-
Deferred income	18,000	4,086,688	-	-
Loan from minority shareholder	6,094,370	5,649,042	6,094,370	5,649,042
Other creditors	2,890,242	36,000	-	-
Deferred consideration liability	811,510	1,546,177	734,667	1,469,334
	11,134,929	12,936,430	7,915,010	8,278,819

	2019 £
Loan from minority shareholder	5,649,042
Unamortised transaction costs (see note 8)	120,328
Interest on minority interest loan	325,000
	6,094,370

During the year there were no transaction costs incurred relating to the loan from the minority shareholder comprising 226,782 B Ordinary shares transferred to the minority shareholder from the majority shareholder in 2018.

This cash settled share based payment has been valued by applying a combination of an EBITDA valuation method and a net asset valuation method.

Transaction costs recognised in the profit and loss for the year amounted to £120,328 (2018: £10,027) (note 8).

Camlin Limited

Notes (continued)

18 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the group's and parent company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Creditors: Amounts falling due more than one year				
Secured bank loans	-	-	-	-
Mortgage facility	(1,085,973)	(1,160,443)	(1,085,973)	(1,160,443)
Finance lease liabilities	(234,834)	(458,080)	-	-
Loan from minority shareholder	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)
	(7,320,807)	(7,618,523)	(7,085,973)	(7,160,443)
Creditors: amounts falling due within less than one year				
Secured bank loan	-	(138,841)	-	(138,841)
Overdrafts	(621,873)	(513,092)	(941)	(61,200)
Other borrowings	(35,468)	(70,300)	-	-
Mortgage facility	(74,470)	(74,470)	(74,470)	(74,470)
Finance lease liabilities	(223,247)	(264,769)	-	-
Loan from minority shareholder	(340,000)	(340,000)	(340,000)	(340,000)
Loan from majority shareholder	(967,909)	(967,909)	(967,909)	(967,909)
	(2,262,967)	(2,369,381)	(1,383,320)	(1,582,420)

The company together with certain other group companies operate cash pool accounts. In addition, the group and company has a bank loan and overdrafts. The total exposure is secured by a fixed charge over the property at 7 Ferguson Drive, Knockmore, Industrial Estate and a floating charge over the undertakings of the company. All companies in the group have provided intercompany cross guarantees.

Finance leases are secured on the motor vehicles and plant and machinery financed.

Mortgages are secured on the premises at 7 Ferguson Drive, Knockmore Hill Industrial Park, Lisburn

The loan issued by the minority shareholder of £6m is secured by fixed and floating charges over all lands and premises at 7 Ferguson Drive and 31 Ferguson Drive, Knockmore Hill Industrial Park, Lisburn. Borrowings rank subordinate to bank loans.

The remaining loans from the minority and majority shareholders are unsecured.

Camlin Limited

Notes (continued)

18 Interest-bearing loans and borrowings (continued)

Terms and debt repayment schedule

Group	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2019 £	2018 £
Structured term loan	GBP	LIBOR+3.55%	2019	Quarterly	-	(138,841)
Finance lease Liabilities	GBP	Fixed rate 9-14%	36-60 months from date of agreement	Monthly	(458,081)	(722,849)
Mortgage facility	GBP	3 Month ICE LIBOR+3.55%	2031	Quarterly	(1,160,443)	(1,234,913)
Amounts due from majority shareholder	GBP	Nil	N/A	On demand	(967,909)	(967,909)
Amount due from minority shareholder	GBP	5%	36 months from date of agreement	Single payment	(6,000,000)	(6,000,000)
Overdraft	GBP	Nil	N/A	On demand	(621,873)	(513,092)
Amount due from minority shareholder	GBP	Nil	N/A	On demand	(340,000)	(340,000)
Other borrowings	GBP	LIBOR +3.35%	N/A	On demand	(35,468)	(70,300)
					(9,583,774)	(9,987,904)
Company	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2019 £	2018 £
Structured term loan	GBP	LIBOR+3.55%	2019	Quarterly	-	(138,841)
Mortgage facility	GBP	3 Month ICE LIBOR+3.55%	2031	Quarterly	(1,160,443)	(1,234,913)
Amounts due from majority shareholder	GBP	nil	N/A	On demand	(967,909)	(967,909)
Amounts from minority shareholder	GBP	5%	36 months from date of agreement	Single payment	(6,000,000)	(6,000,000)
Overdraft	GBP	Nil	N/A	On demand	(941)	(61,200)
Amount due from minority shareholder	GBP	Nil	N/A	On demand	(340,000)	(340,000)
					(8,469,293)	(8,742,863)

Camlin Limited

Notes (continued)

21 Deferred tax assets and liabilities

Deferred tax asset and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2019 £	2018 £	2019 £	2018 £	2019 £	2018 £
Accelerated capital allowances	-	-	5,063,281	4,566,615	5,063,281	4,566,615
Unused tax losses	(401,155)	(400,215)	-	-	(401,155)	(400,215)
Other timing differences	(813,370)	(676,016)	-	-	(813,370)	(676,014)
Net tax (assets)/liabilities	(1,214,525)	(1,076,231)	5,063,281	4,566,615	3,848,756	3,490,386

Company	Assets		Liabilities		Net	
	2019 £	2018 £	2019 £	2018 £	2019 £	2018 £
Accelerated capital allowances	-	(3,520)	4,311	-	4,311	(3,520)
Unused tax losses	(33,856)	(33,856)	-	-	(33,856)	(33,856)
Other timing differences	(88,161)	(17,558)	-	-	(88,161)	(17,558)
Net tax (assets)/liabilities	(122,071)	(54,934)	4,311	-	(117,686)	(54,934)

22 Provisions

Group

Warranty provision

2019 £	2018 £
74,997	74,997

23 Operating leases held as lessor

Assets relating to a contract with customers, held by the company as lessor, which are subject to operating leases are held within tangible fixed assets. The contracts in place with the customers provide a number of services (over and above the lease of assets). The future minimum lease payments receivable under contracts are as follows:

	Minimum lease payments 2019 £	Minimum lease payments 2018 £
Less than one year	-	2,600,600
Between one year and five years	-	-
	-	2,600,600

Camlin Limited

Notes (continued)

24 Capital and reserves

Share capital

<i>Group and company</i>	Ordinary shares		Preference shares	
	2019 number	2018 number	2019 number	2018 number
In issue at 1 January	963,820	963,820	-	-
Issued during the year: 5,000,000 preference shares of £1 each	-	-	5,000,000	5,000,000
In issue at 31 December – fully paid	963,820	963,820	5,000,000	5,000,000
			2019 £	2018 £
Ordinary shares				
Allotted, called up and fully paid				
(2018: 3,401,718) A ordinary shares of £0.25 each			850,430	850,430
(2018: 453,562) B ordinary shares of £0.25 each			113,390	113,390
Shares classified in shareholders' funds			963,820	963,820
Allotted, uncalled up and unpaid				
B ordinary shares of £0.25 each			170,087	170,087
Preference shares – classified as liabilities				
Fair value of liability on initial inception/beginning of year			3,675,149	3,651,748
Unwind of discount in the year (note 8)			294,012	23,401
Carrying amount at 31 December (note 16)			3,969,161	3,675,149

Terms of ordinary shares – 2018

In the prior year 226,782 A ordinary shares were re-designated to B ordinary shares.

A and B ordinary shares rank pari pasu in all respects. A and B ordinary shares entitle the holder to one vote, dividend payments and participation in distributions in the case of an exit event or liquidation.

Preference shares are non-redeemable by the holder. Holders of preference shares are not entitled to dividends. On liquidation or a sale event, preference shareholders are paid a sum equal to the nominal capital paid up in preference to the distribution to the ordinary shareholders.

Terms of ordinary shares and preference shares – 2019

A and B ordinary shares rank pari pasu in all respects. A and B ordinary shares entitle the holder to one vote, dividend payments and participation in distributions in the case of an exit event or liquidation.

Preference shares are non-redeemable by the holder. Holders of preference shares are not entitled to dividends. On liquidation or a sale event, preference shareholders are paid a sum equal to the nominal capital paid up in preference to the distribution to the ordinary shareholders.

Camlin Limited

Notes (continued)

24 Capital and reserves (continued)

Dividends

No dividends (2018: £Nil) were proposed by the directors.

Capital contribution

Capital contribution arose on the issue of preference shares to the majority shareholder in the prior year.

25 Commitments

Capital commitments

Contractual commitments to purchase tangible fixed assets at the year end were £Nil (2018: £Nil) for both group and company.

26 Related parties

Group and company

Identity of related parties with which the group has transacted

Transactions between the group and related parties during the year are detailed in the table below:

Name of related party	Relationship	Nature of transaction	Amount (credit)/charge 2019 £	Balance due (to)/from related party 2019 £	Amount (credit)/charge 2018 £	Balance due (to)/from related party 2018 £
John Cunningham	Director	Other movements in funds provided	-	967,910	-	967,910
Michael Cunningham	Director	Other movements in funds provided	-	36,385	-	36,385
Peter Cunningham	Director	Other movements in funds provided	-	(340,000)	-	(340,000)

Transactions with key management personnel

Total compensation of key management personnel (the directors) in the year amounted to £850,730 (2018: £826,624).

Camlin Limited

Notes (continued)

26 Related parties (continued)

Company

Transactions between the company and related parties during the year are detailed in the table below.

Name of related party	Relationship	Nature of transaction	Amount (credit)/charge 2019 £	Balance due (to)/from related party 2019 £	Amount (credit)/charge 2018 £	Balance due (to)/from related party 2018 £
Camlin Power Limited	Fellow subsidiary	Funding	-	(1,016,877)	-	(148,125)
Camlin Sensor Technologies Limited	Fellow subsidiary	Funding	-	24,379	-	22,179
Henesis (NI) Limited	Fellow subsidiary	Funding	-	3,317,148	-	3,313,948
Camlin Italy Srl	Fellow subsidiary	Funding	-	(605,877)	-	(573,529)

The company has availed of FRS 102 5.33 *Related Party Disclosures*, and has not disclosed related party transactions with companies that are 100% subsidiaries within the Camlin group.

27 Ultimate parent company and parent company of larger group

At the year end the ultimate controlling party is The John Cunningham Discretionary Trust, as it holds 82.4% of the ordinary share capital of Camlin Limited. John Cunningham has an interest in 5.9% of the share capital of Camlin Limited by virtue of his holding 226,782 A ordinary shares. John Cunningham also holds 5,000,000 preference shares.

28 Subsequent events

The worldwide outbreak of the COVID-19 subsequent to the period end is a rapidly evolving issue and one that can have a significant impact on the economy and business operations. The directors have considered the impact of COVID-19 on the financial statements and operations of the company and have set out in the strategic report the principal risks and uncertainties associated. Following assessment of the risks and uncertainties, and actions taken to mitigate these as documented within the strategic report, the group does not consider that there will be a material impact on the financial statements.

There were no other events subsequent to the balance sheet date.

Camlin Limited

Notes *(continued)*

29 Accounting estimates and judgements

The preparation of financial statements in conformity with FRS 102 required management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed and revised on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management have assessed that there are no estimates or judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognised in the financial statements.

30 Contingent liabilities

There were no contingent liabilities as at 31 December 2019.