

Registered number: 01932347

REGISTRAR COPY

STEPHILL GENERATORS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020



STEPHILL GENERATORS LIMITED

COMPANY INFORMATION

Directors	C R Perrett P B Livingstone S P Perrett
Registered number	01932347
Registered office	5 Wallis Close Park Farm Industrial Estate Wellingborough Northamptonshire NN8 6AG
Independent auditor	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Peterbridge House The Lakes Northampton NN4 7HB

STEPHILL GENERATORS LIMITED

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STEPHILL GENERATORS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

Introduction

The Directors present their strategic report for the year ended 31 March 2020.

Business review

The directors are satisfied with the performance of the company and its prospects. Trading for the year ended 31 March 2020 remained in line with management expectations given the uncertainty surrounding the global markets. The overall profit before tax for the year ended 31 March 2020 was £1,802,590 (2019 - £2,418,747). The retained earnings of the company at 31 March 2020 were £7,055,016 (2019 - £7,067,112).

The Company operates in a competitive market which is subject to a variety of external factors. In the current period, the Company has responded to the reduced demand from the construction industry through changes to the product mix sold.

The Company continues to have a strong focus on the quality of operations, including improving standards and services provided to customers, growing the brand and continuing to invest in quieter generators, to ensure that it is well placed and competitive in the market.

Impact of COVID-19

The directors took the decision to close the factory from 30 March 2020 for 3 weeks. In this period the sales/accounts team worked from home, and the offices and factory were adapted to meet government guidelines regarding social distancing.

Since opening again on the 20 April 2020 with reduced staff levels due to social distancing and reduced workload, turnover has increased month by month, and staff levels have been increased where necessary to meet the demand.

Financial key performance indicators

The company uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial and the most significant of these are the key performance indicators.

	2020	2019
	£	£
Gross profit margin	23.32%	25.74%
EBITDA	£1,864,607	£2,480,384
Liquidity ratio	3.88	4.83

The reason for the movement in key performance indicators is due to the reasons stated in the business review above.

STEPHILL GENERATORS LIMITED

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

Principal risks and uncertainties

The principal risks are related to a potential slowdown in the construction industry and improved infrastructure in the markets in which it works reducing the need for diesel or petrol powered generators. The directors take measures to minimise the company's exposure to these risks on an ongoing basis. The main financial risks arising from the company's activities are credit risk, interest risk, liquidity risk and foreign exchange risk. These are monitored by the board of directors and were not considered to be significant at the balance sheet date.

Credit risk

Credit risk is the financial exposure generated by the potential default of third parties in fulfilling their obligations. Credit risk arises for the company if it is unable to recover sums due from customers and it is mitigated by setting maximum levels of credit tolerance for more significant customers. All customers who wish to trade on credit terms are subject to credit verification procedures, receivables are monitored on an on-going basis and provision is made for doubtful debts where necessary.

Interest rate risk

The company finances its operations primarily through the reinvestment of profits made from its operations, and ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and invest cash assets safely and profitably. The company seeks to maintain sufficient cash deposits to ensure the company has sufficient funds for operations.

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



.....
P B Livingstone
Director

Date: 21/12/20

STEPHILL GENERATORS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

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

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a *true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.*

In preparing these financial statements, the directors are required to:

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

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

Principal activity

The principal activity of the company during the year was that of the manufacturing of generators.

Results and dividends

The profit for the year, after taxation, amounted to £1,987,904 (2019 - £1,954,808).

Dividends of £2,000,000 were declared in the year (2019 - £2,000,000).

Directors

The directors who served during the year were:

C R Perrett
P B Livingstone
S P Perrett

Future developments

Stephill Generators looks forward to organic growth from its product mix, despite recent economic headwinds.

STEPHILL GENERATORS LIMITED

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

Disclosure of information to auditor

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

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

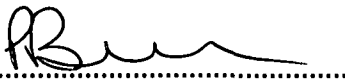
Post balance sheet events

The impact of the COVID-19 pandemic since the year end is being treated as a non-adjusting event, since the Directors have concluded that the Company remains a going concern. Factors which have been considered in drawing this conclusion are explained in accounting policy note 2.3.

Auditor

The auditor, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



.....
P B Livingstone
Director

Date: 21/12/20

STEPHILL GENERATORS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STEPHILL GENERATORS LIMITED

Opinion

We have audited the financial statements of Stephill Generators Limited (the 'Company') for the year ended 31 March 2020, which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and the related notes, 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 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The 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

STEPHILL GENERATORS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STEPHILL GENERATORS LIMITED
(CONTINUED)**

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 matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement 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.

STEPHILL GENERATORS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STEPHILL GENERATORS LIMITED
(CONTINUED)**

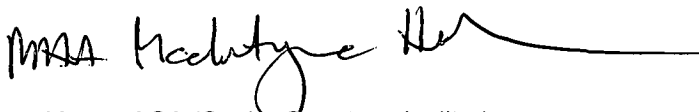
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.



Adam Young ACA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Peterbridge House
The Lakes
Northampton
NN4 7HB

Date: 21/12/20

STEPHILL GENERATORS LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £	2019 £
Turnover	4	12,831,650	14,298,146
Cost of sales		(9,839,037)	(10,617,700)
Gross profit		2,992,613	3,680,446
Distribution costs		(214,019)	(241,796)
Administrative expenses		(982,077)	(1,025,897)
Other operating income	5	6,000	6,000
Operating profit	6	1,802,517	2,418,753
Interest receivable and similar income	10	73	-
Interest payable and expenses	11	-	(6)
Profit before tax		1,802,590	2,418,747
Tax on profit	12	185,314	(463,939)
Profit after tax		1,987,904	1,954,808
Retained earnings at the beginning of the year		7,067,112	7,112,304
		7,067,112	7,112,304
Profit for the year		1,987,904	1,954,808
Dividends declared and paid	13	(2,000,000)	(2,000,000)
Retained earnings at the end of the year		7,055,016	7,067,112

The notes on pages 11 to 24 form part of these financial statements.

STEPHILL GENERATORS LIMITED
REGISTERED NUMBER:01932347

BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	14	1,208,515	1,169,894
Investments	15	28,765	28,765
		<u>1,237,280</u>	<u>1,198,659</u>
Current assets			
Stocks	16	3,542,326	3,865,349
Debtors: amounts falling due within one year	17	2,292,880	2,436,064
Cash at bank and in hand	18	2,173,383	1,177,721
		<u>8,008,589</u>	<u>7,479,134</u>
Creditors: amounts falling due within one year	19	(2,119,978)	(1,547,739)
		<u>5,888,611</u>	<u>5,931,395</u>
Net current assets		<u>5,888,611</u>	<u>5,931,395</u>
Total assets less current liabilities		<u>7,125,891</u>	<u>7,130,054</u>
Provisions for liabilities			
Deferred tax	20	(20,875)	(12,942)
		<u>(20,875)</u>	<u>(12,942)</u>
Net assets		<u>7,105,016</u>	<u>7,117,112</u>
Capital and reserves			
Called up share capital	21	50,000	50,000
Profit and loss account	22	7,055,016	7,067,112
		<u>7,105,016</u>	<u>7,117,112</u>

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



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P B Livingstone
Director

Date: 21/12/20

The notes on pages 11 to 24 form part of these financial statements.

STEPHILL GENERATORS LIMITED

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

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	1,987,904	1,954,808
Adjustments for:		
Depreciation of tangible assets	62,236	61,625
Loss on disposal of tangible assets	(12,200)	(9,482)
Interest paid	-	6
Interest received	(73)	-
Taxation charge	(185,314)	463,939
Decrease/(increase) in stocks	323,023	(787,253)
Decrease in debtors	143,184	16,711
Increase in creditors	381,997	401,392
Corporation tax received/(paid)	383,489	(600,001)
Net cash generated from operating activities	3,084,246	1,501,745
Cash flows from investing activities		
Purchase of tangible fixed assets	(100,857)	(37,210)
Sale of tangible fixed assets	12,200	11,000
Interest received	73	-
Net cash from investing activities	(88,584)	(26,210)
Cash flows from financing activities		
Dividends paid	(2,000,000)	(2,000,000)
Interest paid	-	(6)
Net cash used in financing activities	(2,000,000)	(2,000,006)
Net increase/(decrease) in cash and cash equivalents	995,662	(524,471)
Cash and cash equivalents at beginning of year	1,177,721	1,702,192
Cash and cash equivalents at the end of year	2,173,383	1,177,721
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,173,383	1,177,721

The notes on pages 11 to 24 form part of these financial statements.

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

1. General information

Stephill Generators Limited is a company limited by shares, domiciled in England and Wales, registered number 01932347. The registered office and principal place of business is Wallis Close, Park Farm South, Wellingborough, Northants, NN8 6AG.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company is exempt from the requirement to prepare consolidated financial statements as all of its subsidiaries are required to be excluded from consolidation by section 402 of the Companies Act 2006.

2.3 Going concern

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, and the impact of subsequent events in making their assessment. The COVID-19 pandemic and the ensuing economic shutdown has had a significant impact on the company's operations. In response to the COVID-19 pandemic, the Directors have performed a robust analysis taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

Based on these assessments and having regard to the resources available to the entity, the Directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the annual report and accounts.

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

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'other operating income'.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

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

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

2.6 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

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

2. Accounting policies (continued)

2.7 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

2.10 Tangible fixed assets

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

STEPHILL GENERATORS LIMITED

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

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Freehold property	-	2%
Motor vehicles	-	25%
Fixtures and fittings	-	25%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

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

2. Accounting policies (continued)

2.15 Creditors

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

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.17 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

STEPHILL GENERATORS LIMITED

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

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

In the application of the Company's accounting policies, which are described in note 2, management have been required to make judgments, estimates and assumptions. These estimates which relate to the carrying value of assets and liabilities, where not readily available from other sources, are based on underlying assumptions and experience. Actual results may differ from these estimates. These estimates and assumption are reviewed on an on-going basis.

Sources of estimation uncertainty:

Depreciation rates are based on estimates of the useful lives and residual values of the associated assets.

Bad debt provisions are based on the likely recovery of debtor balances.

Stock provisions are based on the likelihood of being able to sell the goods above cost.

4. Turnover

The whole of the turnover is attributable to the principal activity of the Company.

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	11,302,843	12,658,529
Rest of Europe	1,426,073	1,582,467
Rest of the world	102,734	57,150
	<u>12,831,650</u>	<u>14,298,146</u>

5. Other operating income

	2020 £	2019 £
Net rents receivable	<u>6,000</u>	<u>6,000</u>

STEPHILL GENERATORS LIMITED

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

6. Operating profit

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

	2020	2019
	£	£
Exchange differences	15,442	68,593
Depreciation	62,236	61,355
(Profit)/loss on sale of fixed assets	(12,200)	(9,482)
Auditor's remuneration	9,750	9,500
	<u><u> </u></u>	<u><u> </u></u>

7. Auditor's remuneration

	2020	2019
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	9,750	9,500
	<u><u> </u></u>	<u><u> </u></u>
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	1,000	1,000
All other services	1,500	1,500
	<u><u> </u></u>	<u><u> </u></u>
	2,500	2,500
	<u><u> </u></u>	<u><u> </u></u>

STEPHILL GENERATORS LIMITED

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

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	1,507,158	1,571,646
Cost of defined contribution scheme	56,056	50,259
	<u>1,563,214</u>	<u>1,621,905</u>

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

	2020 No.	2019 No.
Production	33	38
Selling and distribution	2	2
Administration	14	14
	<u>49</u>	<u>54</u>

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	109,573	111,085
Company contributions to defined contribution pension schemes	16,276	15,000
	<u>125,849</u>	<u>126,085</u>

During the year retirement benefits were accruing to 2 directors (2019 - 2) in respect of defined contribution pension schemes.

10. Interest receivable

	2020 £	2019 £
Other interest receivable	73	-

STEPHILL GENERATORS LIMITED

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

11. Interest payable and similar expenses

	2020 £	2019 £
Other interest payable	-	6

12. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	340,241	462,346
Adjustments in respect of previous periods	(533,488)	-
Total current tax	<u>(193,247)</u>	<u>462,346</u>
Deferred tax		
Origination and reversal of timing differences	7,933	1,593
Total deferred tax	<u>7,933</u>	<u>1,593</u>
Taxation on (loss)/profit on ordinary activities	<u>(185,314)</u>	<u>463,939</u>

STEPHILL GENERATORS LIMITED

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

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

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

	2020 £	2019 £
Profit on ordinary activities before tax	<u>1,802,590</u>	<u>2,418,747</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	342,492	459,562
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	32	-
Capital allowances for year in excess of depreciation	(2,283)	2,784
Other timing differences leading to an increase (decrease) in taxation	7,933	1,593
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(533,488)	-
Total tax charge for the year	<u>(185,314)</u>	<u>463,939</u>

13. Dividends

	2020 £	2019 £
Dividends paid	<u>2,000,000</u>	<u>2,000,000</u>

STEPHILL GENERATORS LIMITED

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

14. Tangible fixed assets

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 April 2019	1,465,372	114,905	726,158	2,306,435
Additions	-	85,021	15,836	100,857
Disposals	-	(32,246)	-	(32,246)
At 31 March 2020	<u>1,465,372</u>	<u>167,680</u>	<u>741,994</u>	<u>2,375,046</u>
Depreciation				
At 1 April 2019	401,362	75,664	659,515	1,136,541
Charge for the year on owned assets	21,719	20,917	19,600	62,236
Disposals	-	(32,246)	-	(32,246)
At 31 March 2020	<u>423,081</u>	<u>64,335</u>	<u>679,115</u>	<u>1,166,531</u>
Net book value				
At 31 March 2020	<u>1,042,291</u>	<u>103,345</u>	<u>62,879</u>	<u>1,208,515</u>
At 31 March 2019	<u>1,064,010</u>	<u>39,241</u>	<u>66,643</u>	<u>1,169,894</u>

15. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2019	28,765
At 31 March 2020	<u>28,765</u>

STEPHILL GENERATORS LIMITED

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

15. Fixed asset investments (continued)**Subsidiary undertaking**

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Stephill Generators (Wellingborough) Limited	5 Wallis Close, Park Farm Industrial Estate, Wellingborough, NN8 6AG	Dormant	Ordinary	100%

The aggregate of the share capital and reserves as at 31 March 2020 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
Stephill Generators (Wellingborough) Limited	28,795	-

16. Stocks

	2020	2019
	£	£
Raw materials and consumables	2,850,523	2,914,948
Finished goods and goods for resale	691,803	950,401
	3,542,326	3,865,349

17. Debtors

	2020	2019
	£	£
Trade debtors	2,271,702	2,413,679
Prepayments and accrued income	21,178	22,385
	2,292,880	2,436,064

STEPHILL GENERATORS LIMITED

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

18. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>2,173,383</u>	<u>1,177,721</u>

19. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	1,080,714	1,109,545
Amounts owed to group undertakings	28,765	28,765
Corporation tax	168,557	(21,685)
Other taxation and social security	209,812	151,197
Other creditors	550,000	200,000
Accruals and deferred income	82,130	79,917
	<u>2,119,978</u>	<u>1,547,739</u>

20. Deferred taxation

	2020 £	2019 £
At beginning of year	(12,942)	(11,349)
Charged to profit or loss	(7,933)	(1,593)
At end of year	<u>(20,875)</u>	<u>(12,942)</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	<u>(20,875)</u>	<u>(12,942)</u>

STEPHILL GENERATORS LIMITED

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

21. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
50,000 (2019 - 50,000) Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

22. Reserves**Profit and loss account**

The profit and loss reserve includes all current and prior year retained profits and losses. All amounts are distributable.

23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £56,056 (2019 - £50,259). No contributions were payable to the fund at the balance sheet date.

24. Transactions with directors

The directors were paid interim dividends in the year of £2,000,000 (2019 - £2,000,000).

25. Related party transactions

There were no transactions during the year such as are required to be disclosed under section 33 of FRS102.

26. Controlling party

The ultimate controlling party of the Company during the year was C R Perrett by virtue of his majority shareholding.