

**PRECI-SPARK LIMITED**  
**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020**

Wags LLP t/a Wagstaffs  
Chartered Accountants and Statutory Auditors  
Richmond House  
Walkern Road  
Stevenage  
Hertfordshire  
SG1 3QP

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FOR THE YEAR ENDED 31ST DECEMBER 2020

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**PRECI-SPARK LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

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**DIRECTORS:**

D L Jones  
V H Jones  
D W Jones  
G D Jones  
W H Jones  
M H Jones  
M V Jones  
P D Jones  
G D G Jones

**SECRETARY:**

D L Jones

**REGISTERED OFFICE:**

Chapel Street  
Syston  
Leicester  
Leicestershire  
LE7 1HN

**REGISTERED NUMBER:**

00661746 (England and Wales)

**AUDITORS:**

Wags LLP t/a Wagstaffs  
Chartered Accountants and Statutory Auditors  
Richmond House  
Walkern Road  
Stevenage  
Hertfordshire  
SG1 3QP

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31ST DECEMBER 2020**

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

**REVIEW OF BUSINESS**

Preci-Spark Limited is a leading European contract manufacturer for the high end technology industries delivering manufacturing solutions to the global market place. Established in 1960 the company employs over 350 people across 6 manufacturing facilities in the United Kingdom.

As a process based manufacturing specialist, Preci-Spark Limited delivers an array of components, complex fabrications and assemblies to the Aerospace and Industrial markets. The company has an extensive portfolio of in-house processing capabilities allowing greater production control, accelerated lead times and reduced costs.

Being customer focussed in all activities, Preci-Spark Limited embraces the requirements defined in AS9100 Revision C. The company is committed to maintaining a Quality Management System of the highest possible standard.

The company's NADCAP approved processes include: vacuum brazing, heat treatment, Electro-discharge machining, laser machining, welding and non-destructive testing.

Overall, the combined company revenue has decreased by 35% in the current year compared to an increase of 12% in the prior year. The decrease in revenue was a direct result of the COVID-19 pandemic and the severe impact on the aerospace sector.

Despite the challenges caused by the pandemic, the directors have developed new markets and continued to invest in plant and machinery as they strive for greater efficiencies in the post pandemic environment.

The company margins have declined to 20% compared to 30% in the prior year.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The company faces a number of risks and uncertainties following the UK decision to "Brexit" and the ongoing COVID-19 pandemic. The directors are reviewing strategies to mitigate these risks which include trade tariffs, foreign exchange risks and export customer uncertainties, together with liquidity and retention of key personnel.

Despite these uncertainties, the company is well positioned, financially robust and has a broad global customer base that means its services will continue to be in demand in the future.

In addition, the directors consider price inflation as a key risk in the coming year as a result of central bank policies, combined with supply chain disruption following COVID-19 and post Brexit challenges.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31ST DECEMBER 2020**

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**SECTION 172(1) STATEMENT**

The Company is committed to a continuous dialogue with stakeholders as it believes that this is essential to ensure a greater understanding of and confidence amongst its stakeholders in the medium and longer term strategy of the company and in the Board's ability to oversee its implementation. It is the responsibility of the Board as a whole to ensure that a satisfactory dialogue takes place.

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. The Board is committed to understanding and engaging with all key stakeholder groups of the Company in order to maximise value and promote long-term Company success in line with our strategic objectives. The Board recognises its duties under Section 172 and continuously has regard to how the Company's activities and decisions will impact employees, those with which it has a business relationship, the community and environment and its reputation for high standards of business conduct. In weighing all of the relevant factors, the Board, acting in good faith and fairly between members, makes decisions and takes actions that it considers will best lead to the long-term success of the Company.

During the year, the Board assessed its current activities between the Board and its stakeholders, which demonstrated that the Board actively engages with its stakeholders and takes their various objectives into consideration when making decisions. Specifically, actions the Board has taken to engage with its stakeholders in 2020 include: -

- Arranged meetings with certain stakeholders to provide them with updates on the Company's activities and other general corporate updates;
- Evaluated the relationships with the Company's various collaborators through management and identified ways to strengthen relationships and arrangements with key collaborations; and
- Monitored company culture and engaged with employees on efforts to continuously improve company culture and morale.

The Board believes that appropriate steps and considerations have been taken during the year so that each Director has an understanding of the various key stakeholders of the Company. The Board recognises its responsibility to contemplate all such stakeholder needs and concerns as part of its discussions, decision-making and in the course of taking actions, and will continue to make stakeholder engagement a top priority in the coming years.

The company's web site at [www.preci-spark.co.uk](http://www.preci-spark.co.uk) is the primary source of information on the company. The web site includes an overview of the activities of the company and other relevant information.

**RESEARCH AND DEVELOPMENT**

The company is continuing to undertake research and development to improve and develop new products and manufacturing processes. This will facilitate the company entering into new markets, further expand the customer base and ensure margins are maintained through production efficiencies.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31ST DECEMBER 2020**

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**FUTURE DEVELOPMENTS**

The directors anticipate that the business environment will continue to be challenging given the impact of the COVID-19 pandemic. The business sectors directly affected by the pandemic include aerospace, which has a direct impact on the company given its focus on this sector. As restrictions are lifted, the directors anticipate demand returning in the coming years.

With the company having a strong balance sheet and positive cash reserves, the directors consider the business robust enough to withstand this volatility. In addition, the directors feel that the existing risk mitigation strategies, which have been developed as a result of the COVID-19 pandemic, will be adequate in dealing with any new risks that arise.

Despite these challenges, the environment is expected to remain competitive and the directors believe that the company is in a good position to continue to operate through their ongoing investment in innovative production and manufacturing techniques achieved by employment of the most cutting edge technology and a highly skilled and dedicated workforce.

The directors remain committed to an ongoing programme of capital expenditure and continued focus on quality assurance and on time delivery to ensure that they provide first class products to customers in conjunction with exploring new markets, including the medical and robotic technology sectors.

**ON BEHALF OF THE BOARD:**

V H Jones - Director

23rd September 2021

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31ST DECEMBER 2020**

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The directors present their report with the financial statements of the company for the year ended 31st December 2020.

**DIVIDENDS**

No dividends will be distributed for the year ended 31st December 2020.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1st January 2020 to the date of this report.

D L Jones  
V H Jones  
D W Jones  
G D Jones  
W H Jones  
M H Jones  
M V Jones  
P D Jones  
G D G Jones

**FINANCIAL INSTRUMENTS**

The company's operations expose it to a variety of financial risks that include the changes in debt market prices, credit risk, liquidity risk, interest rate risk and foreign exchange rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring the levels of debt finance and the related costs. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

**EMPLOYMENT POLICY**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial performance of the company as a whole. Communication with all employees continues through the works committee and published minutes.

The above summaries the director's ongoing engagement in employee interests and they have considered this in making their principal decisions in the year.

REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31ST DECEMBER 2020

**SUPPLIERS, CUSTOMERS AND OTHERS IN A BUSINESS RELATIONSHIP**

Throughout the year, the directors have had due regard to the need to foster appropriate business relationships with the companies suppliers and customers, along with other parties involved in the operation of the business.

The above summaries the director's ongoing engagement in such relationships and they have considered this in making their principal decisions in the year.

**STREAMLINED ENERGY AND CARBON REPORTING**

The gross greenhouse gas (GHG) emissions for Preci-Spark Limited is 2,590 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) for the period 1st January 2020 to 31st December 2020.

The gross GHG emissions figure, reportable under SECR legislation, includes all material Scope 1, 2 plus Scope 3 required to disclosed by the legislation; that is the emissions associated with UK electricity and natural gas consumption, and business travel in company and private vehicles by employees. In accordance with the legislation an intensity ratio has been calculated and for Preci-Spark Limited this is 99.961 tCO<sub>2</sub>e per £m revenue.

Greenhouse gas emissions:

Figure 1 Greenhouse gas emissions by year (tonnes CO<sub>2</sub>e)

Emissions Source	2020 (tCO <sub>2</sub> e)	% Share
Natural Gas	186	7.2%
Transportation	60	2.3%
Electricity	2,344	90.5%
<b>Total Emissions (tCO<sub>2</sub>e)</b>	<b>2,590</b>	<b>100.0%</b>
Revenue (£m)	25.90	
<b>Intensity: (tCO<sub>2</sub>e per £m revenue)</b>	<b>99.961</b>	

Figure 2 Greenhouse gas emissions by scope (tonnes CO<sub>2</sub>e)

Emissions Source	Scope 1(tCO <sub>2</sub> e)	Scope 2(tCO <sub>2</sub> e)	Scope 3(tCO <sub>2</sub> e)	Total (tCO <sub>2</sub> e)
Natural Gas	186	0	0	186
Transportation	48	0	12	60
Electricity	0	2,158	186	2,344
<b>Total</b>	<b>234</b>	<b>2,158</b>	<b>198</b>	<b>2,590</b>
Share of Total	9.0%	83.3%	7.7%	100.0%

Scope 1: Natural gas, gas oil and company-operated transport. Scope 2: Electricity. Scope 3: Losses from electricity distribution and transmission and grey fleet usage. This only includes emissions reportable under SECR (as well as gas oil usage) and may not reflect the entire carbon footprint of the organisation.

Energy consumption:

Figure 3 Energy consumption by year (kWh)

Emissions Source	2020 (kWh)	% Share
Natural Gas	1,010,379	9.6%
Transportation	243,051	2.3%
Electricity	9,254,834	88.1%
<b>Total</b>	<b>10,508,264</b>	<b>100.0%</b>

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31ST DECEMBER 2020**

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**Boundary, methodology and exclusions:**

An 'operational control' approach has been used to define the Greenhouse Gas emissions boundary (see note 1 below).

This approach captures emissions associated with the operation of all buildings such as warehouses, offices and manufacturing sites, plus company-owned and leased transport. This report covers UK operations only, as required by SECR for Non-Quoted Large Companies.

This information was collected and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2019.

Emissions have been calculated using the latest conversion factors provided by the UK Government. There are no material omissions from the mandatory reporting scope.

The reporting period is January 2020 to December 2020, as per the financial statements.

Note 1 - An operational control approach to GHG emissions boundary is defined as: "Your organisation has operational control over an operation if it, or one of its subsidiaries, has the full authority to introduce and implement its operating policies at the operation".

**Energy efficiency initiatives:**

During 2020 few energy efficiency improvements have been made but some lighting has been upgraded to LED. Prior to 2020 other energy efficiency implementations included VSD drives on compressors and heat exchanger implementation.

**DISCLOSURE IN THE STRATEGIC REPORT**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and research and development.

**POST BALANCE SHEET EVENTS**

There are no matters to report as post balance sheet events.

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31ST DECEMBER 2020**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Wags LLP t/a Wagstaffs, are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

**ON BEHALF OF THE BOARD:**

V H Jones - Director

23rd September 2021

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
PRECI-SPARK LIMITED**

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**Opinion**

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
PRECI-SPARK LIMITED**

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**Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 Report of the Directors.

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

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

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page eight, 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 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
PRECI-SPARK LIMITED**

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

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

- We obtained an understanding of the legal and regulatory framework applicable to the company and the sector in which they operate. We determined that the following laws and regulations were most significant: the Companies Act 2006 and UK corporate taxation laws.

- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making inquiries to the management. We corroborated our inquiries through our review of board minutes and papers provided by those charged with governance.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team include:

- identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- challenging assumptions and judgments made by management in its significant accounting estimates;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- assessing the extent of compliance with the relevant laws and regulations.

- We have reviewed the financial statements and considered whether they are consistent with our understanding of the entity or indicate a previously unrecognised risk of material misstatement that could be due to fraud.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
PRECI-SPARK LIMITED**

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**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

M R Hubbocks FCA (Senior Statutory Auditor)  
for and on behalf of Wags LLP t/a Wagstaffs  
Chartered Accountants and Statutory Auditors  
Richmond House  
Walkern Road  
Stevenage  
Hertfordshire  
SG1 3QP

24th September 2021

**STATEMENT OF COMPREHENSIVE  
INCOME  
FOR THE YEAR ENDED 31ST DECEMBER 2020**

	Notes	2020 £	2019 £
<b>REVENUE</b>	4	<b>25,890,175</b>	40,139,056
Cost of sales		<u>(20,702,709)</u>	<u>(28,126,698)</u>
<b>GROSS PROFIT</b>		<b>5,187,466</b>	12,012,358
Distribution costs		<b>(84,898)</b>	(137,173)
Administrative expenses		<u>(4,813,931)</u>	<u>(10,294,690)</u>
		<b>288,637</b>	1,580,495
Other operating income		<b>629,545</b>	-
<b>OPERATING PROFIT</b>		<b>918,182</b>	1,580,495
Interest receivable and similar income	7	<b>4,769</b>	12,106
<b>PROFIT BEFORE TAXATION</b>	8	<b>922,951</b>	1,592,601
Tax on profit	9	<b>(172,907)</b>	(204,387)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>750,044</b>	1,388,214
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>750,044</b>	1,388,214

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION  
31ST DECEMBER 2020

	Notes	2020 £	2019 £
<b>FIXED ASSETS</b>			
Property, plant and equipment	10	4,690,207	5,546,825
<b>CURRENT ASSETS</b>			
Inventories	11	5,097,346	5,493,876
Debtors	12	5,164,438	10,047,172
Cash at bank and in hand		6,791,175	4,318,264
		<u>17,052,959</u>	<u>19,859,312</u>
<b>CREDITORS</b>			
Amounts falling due within one year	13	<u>(4,168,286)</u>	<u>(8,581,301)</u>
<b>NET CURRENT ASSETS</b>		<u>12,884,673</u>	<u>11,278,011</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>17,574,880</u>	<u>16,824,836</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	50,000	50,000
Revaluation reserve	17	388,040	393,341
Retained earnings	17	17,136,840	16,381,495
<b>SHAREHOLDERS' FUNDS</b>		<u>17,574,880</u>	<u>16,824,836</u>

The financial statements were approved by the Board of Directors and authorised for issue on 23rd September 2021 and were signed on its behalf by:

D W Jones - Director

G D Jones - Director

V H Jones - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31ST DECEMBER 2020

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
<b>Balance at 1st January 2019</b>	50,000	14,987,980	398,642	15,436,622
<b>Changes in equity</b>				
Total comprehensive income	-	1,393,515	(5,301)	1,388,214
<b>Balance at 31st December 2019</b>	50,000	16,381,495	393,341	16,824,836
<b>Changes in equity</b>				
Total comprehensive income	-	755,345	(5,301)	750,044
<b>Balance at 31st December 2020</b>	50,000	17,136,840	388,040	17,574,880

The notes form part of these financial statements

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST DECEMBER 2020

	Notes	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	2,488,594	3,343,672
Tax paid		(75,610)	(41,967)
Taxation refund		-	68,979
Net cash from operating activities		<u>2,412,984</u>	<u>3,370,684</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(347,631)	(1,347,734)
Sale of tangible fixed assets		-	36,600
Interest received		4,769	12,106
Net cash from investing activities		<u>(342,862)</u>	<u>(1,299,028)</u>
<b>Cash flows from financing activities</b>			
Loans from directors		402,789	221,237
Net cash from financing activities		<u>402,789</u>	<u>221,237</u>
<b>Increase in cash and cash equivalents</b>		<u>2,472,911</u>	<u>2,292,893</u>
<b>Cash and cash equivalents at beginning of year</b>	2	4,318,264	2,025,371
<b>Cash and cash equivalents at end of year</b>	2	<u>6,791,175</u>	<u>4,318,264</u>

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST DECEMBER 2020

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020	2019
	£	£
Profit before taxation	922,951	1,592,601
Depreciation charges	1,204,249	1,297,114
Profit on disposal of fixed assets	-	(36,600)
Finance income	(4,769)	(12,106)
	<u>2,122,431</u>	<u>2,841,009</u>
Decrease/(increase) in inventories	396,530	(173,778)
Decrease/(increase) in trade and other debtors	4,898,628	(37,817)
(Decrease)/increase in trade and other creditors	(4,928,995)	714,258
<b>Cash generated from operations</b>	<u><b>2,488,594</b></u>	<u><b>3,343,672</b></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31st December 2020

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	<u>6,791,175</u>	<u>4,318,264</u>

Year ended 31st December 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	<u>4,318,264</u>	<u>2,025,371</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.20	Cash flow	At 31.12.20
	£	£	£
<b>Net cash</b>			
Cash at bank and in hand	<u>4,318,264</u>	<u>2,472,911</u>	<u>6,791,175</u>
	<u>4,318,264</u>	<u>2,472,911</u>	<u>6,791,175</u>
<b>Total</b>	<u><b>4,318,264</b></u>	<u><b>2,472,911</b></u>	<u><b>6,791,175</b></u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2020

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1. **STATUTORY INFORMATION**

Preci-Spark Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **STATEMENT OF COMPLIANCE**

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

3. **ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements are prepared on a going concern basis and under the historical cost convention.

**Significant judgements and estimates**

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

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

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

**Useful economic life of tangible assets:**

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and physical condition of the assets.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST DECEMBER 2020

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3. ACCOUNTING POLICIES - continued

**Revenue**

Revenue represents the total invoice value, excluding value added tax, trade discounts and all other taxes of sales made during the year.

**Revenue recognition**

Revenue is recognised when goods have been delivered and services supplied to customers such that risks and rewards of ownership have transferred to them.

**Property, plant and equipment**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Land and buildings	- 50 years straight line
Plant and machinery	- 20% on cost and 10% on cost
Fixtures and fittings	- 20% on cost and 10% on cost
Motor vehicles	- 50% on cost and 20% on cost

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and physical condition of the assets.

Land and buildings were professionally valued in the year to 31st December 2013 by James Blenkin & Partners, Chartered Surveyors, at open market value. The company adopted the transition exemption under FRS 102 paragraph 35.10(d) and has elected to use previous revaluation as deemed cost.

**Government grants**

Government grants are recognised in the income statement on a systematic basis over the period in which the company recognises as expenses the related costs for which the grants are intended to compensate.

**Inventories**

Inventories and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing inventories to their present location and condition.

**Financial instruments**

Basic financial instruments are recognised at amortised cost, except for investments in non-conversable preference and non-puttable ordinary shares which are measured at fair value, with changes recognised in the income statement. Derivative financial instruments are initially recognised at cost and thereafter at fair value with changes recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST DECEMBER 2020

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3. **ACCOUNTING POLICIES - continued**

**Current tax**

Tax for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred tax assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

**Deferred tax**

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Leasing commitments**

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST DECEMBER 2020

4. REVENUE

The revenue and profit before taxation are attributable to the one principal activity of the company.

An analysis of revenue by geographical market is given below:

	2020	2019
	£	£
United Kingdom	11,440,930	16,135,546
Europe	7,309,426	12,281,295
Rest of the World	7,139,819	11,722,215
	<u>25,890,175</u>	<u>40,139,056</u>

5. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	13,422,701	23,620,352
Social security costs	223,089	719,277
Other pension costs	423,479	492,932
	<u>14,069,269</u>	<u>24,832,561</u>

The average number of employees during the year was as follows:

	2020	2019
Office and administration	27	39
Production and manufacture	333	446
	<u>360</u>	<u>485</u>

6. DIRECTORS' EMOLUMENTS

	2020	2019
	£	£
Directors' remuneration	<u>1,480,022</u>	<u>6,669,125</u>

Information regarding the highest paid director is as follows:

	2020	2019
	£	£
Emoluments etc	<u>238,920</u>	<u>1,602,318</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST DECEMBER 2020

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£	£
Interest received	<u>4,769</u>	<u>12,106</u>

8. PROFIT BEFORE TAXATION

The profit is stated after charging/(crediting):

	2020	2019
	£	£
Hire of plant and machinery	1,086	8,364
Other operating leases	15,787	16,594
Depreciation - owned assets	1,204,249	1,297,114
Profit on disposal of fixed assets	-	(36,600)
Auditors' remuneration	25,000	25,000
Research and development	310,785	501,917
Net foreign exchange gain	<u>42,011</u>	<u>46,842</u>

9. TAXATION

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	188,801	117,759
Prior year adjustment	-	(41,967)
Total current tax	<u>188,801</u>	<u>75,792</u>
Deferred tax	<u>(15,894)</u>	128,595
Tax on profit	<u>172,907</u>	<u>204,387</u>

UK corporation tax has been charged at 19% (2019 - 19%).

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST DECEMBER 2020

9. TAXATION - continued

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
Profit before tax	<u>922,951</u>	<u>1,592,601</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	175,361	302,594
Effects of:		
Expenses not deductible for tax purposes	(5,901)	8,217
Capital allowances in excess of depreciation	-	(125,110)
Depreciation in excess of capital allowances	19,341	-
Utilisation of tax losses	-	(67,942)
Prior year adjustment	-	(41,967)
Deferred tax	<u>(15,894)</u>	<u>128,595</u>
Total tax charge	<u>172,907</u>	<u>204,387</u>

10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>Cost</b>					
At 1st January 2020	1,884,187	37,893,003	973,136	1,182,848	41,933,174
Additions	-	347,631	-	-	347,631
At 31st December 2020	<u>1,884,187</u>	<u>38,240,634</u>	<u>973,136</u>	<u>1,182,848</u>	<u>42,280,805</u>
<b>Depreciation</b>					
At 1st January 2020	145,576	34,503,766	942,361	794,646	36,386,349
Charge for year	18,139	1,053,459	22,593	110,058	1,204,249
At 31st December 2020	<u>163,715</u>	<u>35,557,225</u>	<u>964,954</u>	<u>904,704</u>	<u>37,590,598</u>
<b>Net book value</b>					
At 31st December 2020	<u>1,720,472</u>	<u>2,683,409</u>	<u>8,182</u>	<u>278,144</u>	<u>4,690,207</u>
At 31st December 2019	<u>1,738,611</u>	<u>3,389,237</u>	<u>30,775</u>	<u>388,202</u>	<u>5,546,825</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST DECEMBER 2020

10. **PROPERTY, PLANT AND EQUIPMENT - continued**

Included in cost of land and buildings is freehold land of £ 977,276 (2019 - £ 977,276 ) which is not depreciated.

Land and buildings is comprised wholly of freehold land and buildings.

11. **INVENTORIES**

	2020	2019
	£	£
Raw materials	2,196,217	2,222,607
Other stocks	83,500	79,500
Work-in-progress	<u>2,817,629</u>	<u>3,191,769</u>
	<u>5,097,346</u>	<u>5,493,876</u>

12. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Trade receivables	4,678,431	9,462,735
Deferred tax asset		
Accelerated capital allowances	300,929	285,035
Prepayments and accrued income	<u>185,078</u>	<u>299,402</u>
	<u>5,164,438</u>	<u>10,047,172</u>

13. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Trade payables	1,027,527	1,224,503
Corporation Tax	188,801	75,792
Social security and other taxes	449,806	1,671,962
VAT	365,373	357,219
Other creditors	55,344	90,927
Loans from directors	662,208	259,419
Accruals and deferred income	<u>1,419,227</u>	<u>4,901,479</u>
	<u>4,168,286</u>	<u>8,581,301</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST DECEMBER 2020

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020	2019
	£	£
Within one year	20,602	110,413
Between one and five years	-	8,519
	<u>20,602</u>	<u>118,932</u>

The operating leases in place relate to land and buildings and motor vehicles.

15. DEFERRED TAX

	£
Balance at 1st January 2020	(285,035)
Credit to Statement of Comprehensive Income during year	(15,894)
Balance at 31st December 2020	<u>(300,929)</u>

The deferred tax asset shown above is wholly in relation to the excess of tax written down values of fixed assets compared to the net book values shown in the financial statements.

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
			£	£
50,000	Ordinary shares	£1	<u>50,000</u>	<u>50,000</u>

17. RESERVES

	Retained earnings	Revaluation reserve	Totals
	£	£	£
At 1st January 2020	16,381,495	393,341	16,774,836
Profit for the year	750,044		750,044
Unrealised movement on revaluation of property	5,301	(5,301)	-
At 31st December 2020	<u>17,136,840</u>	<u>388,040</u>	<u>17,524,880</u>

The revaluation reserve balance has arisen from historical valuation of freehold property permitted under the previous financial reporting framework applied.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST DECEMBER 2020

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18. CAPITAL COMMITMENTS

	2020	2019
	£	£
Contracted but not provided for in the financial statements	<u>-</u>	<u>276,589</u>

19. RELATED PARTY DISCLOSURES

At the year end an amount of £662,208 (2019 - £259,419) was loaned to the company by the directors.

During the year the company paid rent amounting to £311,825 (2019 - £311,825) in respect of land and buildings owned by the Preci-Spark Limited Self Administered Pension Scheme, in which the directors are beneficiaries.

These transactions are considered to be at arm's length.

20. GOVERNMENT GRANTS

Grants were received by the company from the UK Government in relation to the Coronavirus Job Retention Scheme. These grants amount to £629,545 (2019 - £Nil).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.