

COMPANY REGISTRATION NUMBER: NI026999

ParkElect Limited
Financial Statements
31 August 2019



DNTCA LTD
Chartered Accountants & Statutory Auditors
Ormeau House
91 -97 Ormeau Road
Belfast
BT7 1SH

ParkElect Limited
Financial Statements
Year ended 31 August 2019

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ParkElect Limited

Officers and Professional Advisers

The board of directors

Mr J McConachie
Mr J Gillan
Mr C Weir
Mr R Cupit
Mr R McConachie
Mr A Murphy

Registered office

Belfast Harbour Estate
84 Dargan Road
Belfast
United Kingdom
BT3 9JU

Auditor

DNTCA Ltd
Chartered Accountants & Statutory Auditors
Ormeau House
91 -97 Ormeau Road
Belfast
BT7 1SH

Bankers

Danske Bank
14 Donegall Square West
Belfast
BT1 6JS

ParkElect Limited
Strategic Report
Year ended 31 August 2019

Principal activities

The principal activity of the company during the year was the wholesale and retail of electrical components within the United Kingdom and the Republic of Ireland.

Business review

Both the level of business and the year end financial position were considered satisfactory and the directors expect that the level of activity will be sustained for the foreseeable future. Pleasingly our turnover and profits increased in a competitive market. We will continue to work closely with our manufacturing partners to deliver a competitive, first rate solution to our customers.

Principal risks and uncertainties

The key risks and uncertainties are maintaining and improving sales levels in a competitive environment and the potential impact of increases in material costs on gross margins.

We endeavour to mitigate these risks by implementing regular strategic and operational reviews.

Development, performance and position of the business

Turnover increased by 3.1% to £15,915,612 compared to £15,435,158 in 2018. Operating profit increased to £771,879 compared to £510,676 in 2018. Overall net assets increased by £2,163,831 and are now at £6,416,363 compared to £4,252,532 in 2018.

Key performance indicators

We consider our key performance indicators those that communicate financial performance and financial strength, mainly revenue, gross margin and net assets.

Financial risk management

The company monitors credit risk closely as it is exposed to the usual credit risks and cash flows associated with selling on credit and manages these risks through credit control procedures.

The company's activities with European customers and suppliers result in low levels of currency transaction risk, variances affecting operational activities in this regard are reflected in the operating costs or in the cost of sales in the profit and loss account in the years in which they arise.

Future outlook

The company continues to look at ways to increase revenues and profits whether through organic growth or acquisitions.

This report was approved by the board of directors on 17/01/20 and signed on behalf of the board by:



Mr J McConachie
Director

Registered office:
Belfast Harbour Estate
84 Dargan Road
Belfast
United Kingdom
BT3 9JU

ParkElect Limited

Directors' Report

Year ended 31 August 2019

The directors present their report and the financial statements of the company for the year ended 31 August 2019.

Directors

The directors who served the company during the year were as follows:

Mr J McConachie
Mr J Gillan
Mr C Weir
Mr R Cupit
Mr R McConachie
Mr A Murphy

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

Future developments

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 Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report in respect of financial risk management and future developments.

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 29 to the financial statements.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

ParkElect Limited

Directors' Report *(continued)*

Year ended 31 August 2019

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 17/01/20 and signed on behalf of the board by:



Mr J McConachie
Director

Registered office:
Belfast Harbour Estate
84 Dargan Road
Belfast
United Kingdom
BT3 9JU

ParkElect Limited

Independent Auditor's Report to the Members of ParkElect Limited

Year ended 31 August 2019

Opinion

We have audited the financial statements of ParkElect Limited (the 'company') for the year ended 31 August 2019 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

ParkElect Limited

Independent Auditor's Report to the Members of ParkElect Limited *(continued)*

Year ended 31 August 2019

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

ParkElect Limited

Independent Auditor's Report to the Members of ParkElect Limited *(continued)*

Year ended 31 August 2019

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Mr M Nangle (Senior Statutory Auditor)

For and on behalf of
DNTCA Ltd
Chartered Accountants & Statutory Auditors
Ormeau House
91 -97 Ormeau Road
Belfast
BT7 1SH

ParkElect Limited
Statement of Comprehensive Income
Year ended 31 August 2019

	Note	2019 £	2018 £
Turnover	4	15,915,612	15,435,158
Cost of sales		<u>12,667,115</u>	<u>12,249,840</u>
Gross profit		3,248,497	3,185,318
Administrative expenses		<u>2,722,493</u>	2,782,842
Other operating income	5	<u>245,875</u>	108,200
Operating profit	6	771,879	510,676
Income from shares in group undertakings	10	<u>1,615,000</u>	1,042,000
Interest payable and similar expenses	11	<u>104,674</u>	100,634
Profit before taxation		2,282,205	1,452,042
Tax on profit	12	<u>118,375</u>	62,151
Profit for the financial year and total comprehensive income		<u>2,163,830</u>	<u>1,389,891</u>

All the activities of the company are from continuing operations.

The notes on pages 12 to 24 form part of these financial statements.

ParkElect Limited
Statement of Financial Position
31 August 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	15	1,199,797	1,245,040
Investments	16	2,471,351	1,705,175
		<u>3,671,148</u>	<u>2,950,215</u>
Current assets			
Stocks	17	1,942,491	1,638,317
Debtors	18	5,785,122	8,915,945
Cash at bank and in hand		154,685	120,921
		<u>7,882,298</u>	<u>10,675,183</u>
Creditors: amounts falling due within one year	20	<u>4,511,482</u>	<u>8,582,669</u>
Net current assets		<u>3,370,816</u>	<u>2,092,514</u>
Total assets less current liabilities		<u>7,041,964</u>	<u>5,042,729</u>
Creditors: amounts falling due after more than one year	21	606,864	769,200
Provisions			
Taxation including deferred tax	23	18,737	20,997
Net assets		<u>6,416,363</u>	<u>4,252,532</u>
Capital and reserves			
Called up share capital	26	1,032	1,032
Share premium account	27	149,968	149,968
Revaluation reserve	27	494,610	494,610
Profit and loss account	27	5,770,753	3,606,922
Shareholders funds		<u>6,416,363</u>	<u>4,252,532</u>

These financial statements were approved by the board of directors and authorised for issue on 17.10.19, and are signed on behalf of the board by:



Mr J McConachie
Director

Company registration number: NI026999

The notes on pages 12 to 24 form part of these financial statements.

ParkElect Limited
Statement of Changes in Equity
Year ended 31 August 2019

	Called up share capital £	Share premium account £	Revaluation reserve £	Profit and loss account £	Total £
At 1 September 2017	1,032	149,968	494,610	3,617,031	4,262,641
Profit for the year	—	—	—	1,389,891	1,389,891
Total comprehensive income for the year	—	—	—	1,389,891	1,389,891
Dividends paid and payable 13	—	—	—	(1,400,000)	(1,400,000)
Total investments by and distributions to owners	—	—	—	(1,400,000)	(1,400,000)
At 31 August 2018	1,032	149,968	494,610	3,606,923	4,252,533
Profit for the year	—	—	—	2,163,830	2,163,830
Total comprehensive income for the year	—	—	—	2,163,830	2,163,830
At 31 August 2019	<u>1,032</u>	<u>149,968</u>	<u>494,610</u>	<u>5,770,753</u>	<u>6,416,363</u>

The notes on pages 12 to 24 form part of these financial statements.

ParkElect Limited
Statement of Cash Flows
Year ended 31 August 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit for the financial year		2,163,830	1,389,891
<i>Adjustments for:</i>			
Depreciation of tangible assets		105,317	92,566
Income from shares in group undertakings		(1,615,000)	(1,042,000)
Interest payable and similar expenses		104,674	100,634
Gains on disposal of tangible assets		—	(3,618)
Tax on profit		118,375	62,151
Accrued income		(470,906)	(5,122)
<i>Changes in:</i>			
Stocks		(304,174)	(117,986)
Trade and other debtors		3,130,823	(396,688)
Trade and other creditors		(1,075,592)	158,210
Cash generated from operations		2,157,347	238,038
Interest paid		(104,674)	(100,634)
Tax paid		(69,113)	(80,094)
Net cash from operating activities		<u>1,983,560</u>	<u>57,310</u>
Cash flows from investing activities			
Purchase of tangible assets		(60,072)	(85,820)
Proceeds from sale of tangible assets		—	43,957
Acquisition of subsidiaries		(705,306)	—
Acquisition of interests in associates and joint ventures		(60,870)	—
Dividends received		1,615,000	1,042,000
Net cash from investing activities		<u>788,752</u>	<u>1,000,137</u>
Cash flows from financing activities			
Proceeds from borrowings		(135,109)	(174,625)
Proceeds from loans from group undertakings		(2,490,412)	1,136,752
Payments of finance lease liabilities		(35,973)	(9,750)
Dividends paid		—	(1,400,000)
Net cash used in financing activities		<u>(2,661,494)</u>	<u>(447,623)</u>
Net increase in cash and cash equivalents		110,818	609,824
Cash and cash equivalents at beginning of year		(1,499,236)	(2,109,062)
Cash and cash equivalents at end of year	19	<u>(1,388,418)</u>	<u>(1,499,238)</u>

The notes on pages 12 to 24 form part of these financial statements.

ParkElect Limited
Notes to the Financial Statements
Year ended 31 August 2019

1. General information

The company is a private company limited by shares, registered in Northern Ireland. The address of the registered office is Belfast Harbour Estate, 84 Dargan Road, Belfast, BT3 9JU, United Kingdom.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Judgements and key sources of estimation uncertainty

Preparation of the financial statements require management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made are summarised in the depreciation policy.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

3. Accounting policies (continued)

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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ParkElect Limited

Notes to the Financial Statements *(continued)*

Year ended 31 August 2019

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold Property	- 2% straight line
Plant & Machinery	- 20% straight line
Fixtures and fittings	- 20% straight line
Motor Vehicles	- 20% straight line
Equipment	- 33% straight line

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is calculated on the basis of the last unit purchased. Net realisable value is based on the normal selling price less further costs expected to be incurred to completion and disposal. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

ParkElect Limited

Notes to the Financial Statements *(continued)*

Year ended 31 August 2019

3. Accounting policies *(continued)*

Finance leases and hire purchase contracts *(continued)*

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2019	2018
	£	£
Sale of goods	<u>15,915,612</u>	<u>15,435,158</u>

ParkElect Limited

Notes to the Financial Statements *(continued)*

Year ended 31 August 2019

4. Turnover *(continued)*

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2019 £	2018 £
United Kingdom	13,212,531	13,119,853
Overseas	2,703,081	2,315,305
	<u>15,915,612</u>	<u>15,435,158</u>

5. Other operating income

	2019 £	2018 £
Management charges receivable	<u>245,875</u>	<u>108,200</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2019 £	2018 £
Depreciation of tangible assets	105,317	92,917
Gains on disposal of tangible assets	—	(3,618)
Impairment of trade debtors	35,246	77,666
Foreign exchange differences	<u>(8,620)</u>	<u>(51,644)</u>

7. Auditor's remuneration

	2019 £	2018 £
Fees payable for the audit of the financial statements	<u>16,340</u>	<u>11,000</u>

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2019 No.	2018 No.
Production staff	18	20
Distribution staff	22	26
Administrative staff	14	16
	<u>54</u>	<u>62</u>

ParkElect Limited
Notes to the Financial Statements (continued)
Year ended 31 August 2019

8. Staff costs (continued)

The aggregate payroll costs incurred during the year, relating to the above, were:

	2019	2018
	£	£
Wages and salaries	1,467,964	1,498,092
Social security costs	192,934	133,598
Other pension costs	36,954	20,060
	<u>1,697,852</u>	<u>1,651,750</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2019	2018
	£	£
Remuneration	<u>512,447</u>	<u>439,482</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2019	2018
	No.	No.
Defined contribution plans	<u>5</u>	<u>5</u>

10. Income from shares in group undertakings

	2019	2018
	£	£
Income from group undertakings	<u>1,615,000</u>	<u>1,042,000</u>

11. Interest payable and similar expenses

	2019	2018
	£	£
Interest on banks loans and overdrafts	103,199	98,189
Interest on obligations under finance leases and hire purchase contracts	1,475	2,445
	<u>104,674</u>	<u>100,634</u>

12. Tax on profit

Major components of tax expense

	2019	2018
	£	£
Current tax:		
UK current tax expense	120,635	69,113
Deferred tax:		
Origination and reversal of timing differences	(2,260)	(6,962)
Tax on profit	<u>118,375</u>	<u>62,151</u>

ParkElect Limited
Notes to the Financial Statements *(continued)*
Year ended 31 August 2019

12. Tax on profit *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019 £	2018 £
Profit on ordinary activities before taxation	<u>2,282,205</u>	<u>1,452,042</u>
Profit on ordinary activities by rate of tax	433,619	275,888
Effect of expenses not deductible for tax purposes	215	(4,281)
Effect of capital allowances and depreciation	4,441	(1,198)
Utilisation of tax losses	(13,050)	(10,278)
Income from Groups not taxable	<u>(306,850)</u>	<u>(197,980)</u>
Tax on profit	<u>118,375</u>	<u>62,151</u>

13. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2019 £	2018 £
Equity dividends on ordinary shares	<u>—</u>	<u>1,400,000</u>

14. Intangible assets

	Goodwill £
Cost	
At 1 September 2018 and 31 August 2019	<u>500,000</u>
Amortisation	
At 1 September 2018 and 31 August 2019	<u>500,000</u>
Carrying amount	
At 31 August 2019	<u>—</u>
At 31 August 2018	<u>—</u>

ParkElect Limited

Notes to the Financial Statements *(continued)*

Year ended 31 August 2019

15. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
Cost						
At 1 Sep 2018	1,043,500	81,292	134,416	512,814	43,874	1,815,896
Additions	–	4,000	500	2,500	53,072	60,072
Disposals	–	–	–	(18,500)	–	(18,500)
At 31 Aug 2019	1,043,500	85,292	134,916	496,814	96,946	1,857,468
Depreciation						
At 1 Sep 2018	–	39,914	102,282	415,161	13,497	570,854
Charge for the year	20,870	16,788	8,792	40,137	18,730	105,317
Disposals	–	–	–	(18,500)	–	(18,500)
At 31 Aug 2019	20,870	56,702	111,074	436,798	32,227	657,671
Carrying amount						
At 31 Aug 2019	1,022,630	28,590	23,842	60,016	64,719	1,199,797
At 31 Aug 2018	1,043,500	41,378	32,134	97,653	30,377	1,245,042

Hire purchase agreements

Included within the net book value of £1,199,797 is £43,400 (2018 - £85,005) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £13,511 (2018 - £52,861)

Tangible assets held at valuation

Property at Llay Industrial Estate, Wrexham was valued at £655,000 and the property at Hillington Industrial Estate, Glasgow was valued at £350,000, being current market value in October 2019, in accordance with the Red Book of the Royal Institute of Chartered Surveyors, by external professional surveyors, Legat Owen Chartered Surveyors & Ryden Chartered Surveyors. This valuation has not been reflected in the accounts for the year ended 31 August 2019 as the properties are held under the cost model.

16. Investments

	Shares in group undertakings £	Shares in participating interests £	Other investments other than loans £	Total £
Cost				
At 1 September 2018	1,695,174	–	10,001	1,705,175
Additions	705,306	60,870	–	766,176
At 31 August 2019	2,400,480	60,870	10,001	2,471,351
Impairment				
At 1 September 2018 and 31 August 2019	–	–	–	–

ParkElect Limited

Notes to the Financial Statements *(continued)*

Year ended 31 August 2019

16. Investments *(continued)*

	Shares in group undertakings £	Shares in participating interests £	Other investments other than loans £	Total £
Carrying amount				
At 31 August 2019	<u>2,400,480</u>	<u>60,870</u>	<u>10,001</u>	<u>2,471,351</u>
At 31 August 2018	<u>1,695,174</u>	<u>–</u>	<u>10,001</u>	<u>1,705,175</u>

Subsidiary undertakings

The company has the following investment in subsidiaries:

Company	Class of shares held	Country of Incorporation	Ownership
Elsteel (UK) Limited	Ordinary	Wales	100%
MCC Controls Limited	Ordinary	Republic of Ireland	100%
Almeric Engineering Limited	Ordinary	Republic of Ireland	100%
Industrial Valve Specialists Limited	Ordinary	England	100%

The aggregate of the share capital and reserves as at 31 August 2019 and the profit or loss for the year ended on that for the subsidiary undertakings were as follows:

Company	Aggregate capital and reserves	Profit and (loss) for the year
Elsteel (UK) Limited	£87,614	£230,360
MCC Controls Limited	€43,916	€751,575
Almeric Engineering Limited	€100,576	€270,464
Industrial Valve Specialists Limited	£79,882	£38,908

Associate undertakings

The company has the following investment in associates:

Company	Class of shares held	Country of Incorporation	Ownership
Park (QED) Limited	Ordinary	England	25%
Kaizen Design and Development Limited	Ordinary	Republic of Ireland	33%

The company is exempt from preparing consolidated financial statements and has taken advantage of the exemption provided by the Companies Act 2006. The Company is included in the consolidated results of Westbank Business Park Limited which is a UK registered company.

Information contained in these accounts is presented in respect of the company as an individual entity and not in relation to the group.

ParkElect Limited

Notes to the Financial Statements *(continued)*

Year ended 31 August 2019

17. Stocks

	2019 £	2018 £
Raw materials and consumables	<u>1,942,491</u>	<u>1,638,317</u>

18. Debtors

	2019 £	2018 £
Trade debtors	3,437,984	4,075,851
Amounts owed by group undertakings	1,542,376	3,091,835
Amounts owed by undertakings in which the company has a participating interest	76,128	—
Prepayments and accrued income	174,068	317,434
Other debtors	554,566	1,430,825
	<u>5,785,122</u>	<u>8,915,945</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

19. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2019 £	2018 £
Cash at bank and in hand	154,685	120,921
Bank overdrafts	(1,543,104)	(1,620,157)
	<u>(1,388,419)</u>	<u>(1,499,236)</u>

20. Creditors: amounts falling due within one year

	2019 £	2018 £
Bank loans and overdrafts	1,687,606	1,761,884
Trade creditors	1,761,053	2,692,890
Amounts owed to group undertakings	518,916	3,009,328
Accruals and deferred income	248,272	719,178
Corporation tax	120,635	69,113
Social security and other taxes	67,171	47,876
Obligations under finance leases and hire purchase contracts	24,450	35,971
Other creditors	83,379	246,429
	<u>4,511,482</u>	<u>8,582,669</u>

ParkElect Limited
Notes to the Financial Statements *(continued)*
Year ended 31 August 2019

20. Creditors: amounts falling due within one year *(continued)*

The company has provided the Danske bank with the following securities:

- a) A floating charge over the assets of the company
- b) A fixed charge over the book debts
- c) An individual letter of guarantee in the amount of £1,000,000 signed by James McConachie
- d) A guarantee in the amount of £20,000 to the beneficiary HMRC

The company's bankers have legal mortgage over the properties at land at north west side of Davy Way, Llay Industrial Estate, Wrexham, 14/16 Carlyle Avenue, Hillington Industrial Estate, Glasgow and Unit 6 Davy Way Llay Industrial Estate, Wrexham.

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

21. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Bank loans and overdrafts	603,116	741,000
Obligations under finance leases and hire purchase contracts	3,748	28,200
	<u>606,864</u>	<u>769,200</u>

22. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2019 £	2018 £
Not later than 1 year	26,730	39,667
Later than 1 year and not later than 5 years	4,039	30,769
	<u>30,769</u>	<u>70,436</u>
Less: future finance charges	(2,571)	(6,265)
Present value of minimum lease payments	<u>28,198</u>	<u>64,171</u>

23. Provisions

	Deferred tax (note 24) £
At 1 September 2018	20,997
Charge against provision	(2,260)
At 31 August 2019	<u>18,737</u>

ParkElect Limited

Notes to the Financial Statements *(continued)*

Year ended 31 August 2019

24. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2019	2018
	£	£
Included in provisions (note 23)	<u>18,737</u>	<u>20,997</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2019	2018
	£	£
Accelerated capital allowances	<u>18,737</u>	<u>20,997</u>

The timing of the reversal of the deferred tax liability relating to accelerated capital allowances is uncertain but is expected to be more than a year.

25. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £36,954 (2018: £20,060).

26. Called up share capital

Authorised share capital

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,032</u>	<u>1,032</u>	<u>1,032</u>	<u>1,032</u>

27. Share premium account

There was no movement on the share premium account during the financial year

28. Contingencies

The company provided guarantees in respect of the bank overdrafts of its subsidiary company Elsteel (UK) Limited. The amount outstanding at 31 August 2019 was £nil.

ParkElect Limited

Notes to the Financial Statements *(continued)*

Year ended 31 August 2019

29. Events after the end of the reporting period

In October 2019 a new company Parkelect Inc purchased 66.66% of the shareholding in an American company, Control Source Inc. Parkelect Limited is the sole shareholder in Parkelect Inc.

30. Related party transactions

Group undertakings

The Company has taken advantage of the exemption under FRS102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" not to disclose transactions with entities that are part of the group

Related undertakings

Transactions and balances

During the year Park Rentals charged rent of £162,625 (2018: £162,625). During the year management charges of £100,000 (2018: £25,000) were charged to Park Rentals and £50,000 (2018 £3,000) to J McConachie Children' Settlement. Park Rentals, J McConachie Children settlement and Park Pension scheme are owned by Mr J McConachie, director of Parkelect Limited & the sole shareholder in the ultimate controlling party Westbank Business Park.

The balances at the year ended were:

Amounts owed by related parties

	2019	2018
	£	£
Park Rentals	730,900	585,277
J McConachie Children Settlement	241,373	174,480
Park Pension Scheme	33,500	33,500

31. Ultimate controlling party

The company became a subsidiary of Westbank Business Park Limited with effect from March 2010. Mr J McConachie is the managing director and majority shareholder of Westbank Business Park Limited