

E.L. Head Limited

Unaudited

Directors' report and financial statements

For the year ended 31 March 2020

E.L. Head Limited

Company Information

Directors B J Head
M J Head

Company secretary B J Head

Registered number 00535757

Registered office Eddington Works
Eddington Lane
Herne Bay
Kent
CT6 5TR

Accountants Kreston Reeves LLP
Chartered Accountants
37 St Margaret's Street
Canterbury
Kent
CT1 2TU

E.L. Head Limited

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E.L. Head 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

The directors who served during the year were:

B J Head
M J Head

Principal activity

A license to manufacture the company's products has been granted to Crown Products (Kent) Limited, and agreements have been entered into with that company, covering the supply of necessary premises, equipment and expertise to manufacture the company's products.

Results and dividends

The loss for the year, after taxation, amounted to £2,376,684 (2019 - profit £1,404,256).

Dividends paid in the year amounted to £240,000 (2019 - £240,000)

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

B J Head
Secretary
Date: 31 March 2021

E.L. Head Limited

**Statement of comprehensive income
For the year ended 31 March 2020**

| | Note | 2020 £ | 2019 £ |
|---|------|---------------------------|-------------------------|
| Turnover | 4 | 1,859,245 | 3,471,107 |
| Cost of sales | | (3,709,450) | (1,710,060) |
| Gross (loss)/profit | | (1,850,205) | 1,761,047 |
| Administrative expenses | | (572,942) | (203,571) |
| Operating (loss)/profit | 5 | (2,423,147) | 1,557,476 |
| Interest receivable and similar income | | 82,552 | 86,301 |
| (Loss)/profit before tax | | (2,340,595) | 1,643,777 |
| Tax on (loss)/profit | | (36,089) | (239,521) |
| (Loss)/profit for the financial year | | <u>(2,376,684)</u> | <u>1,404,256</u> |

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 5 to 13 form part of these financial statements.

E.L. Head Limited
Registered number:00535757

Balance sheet
As at 31 March 2020

| | Note | 2020 £ | 2019 £ |
|--|------|------------|------------|
| Fixed assets | | | |
| Tangible assets | 9 | 11,606,937 | 9,191,160 |
| Investments | | 2,773 | 2,773 |
| | | 11,609,710 | 9,193,933 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 11 | 2,140,193 | 2,911,291 |
| Cash at bank and in hand | 12 | 13,646,579 | 17,629,029 |
| | | 15,786,772 | 20,540,320 |
| Creditors: amounts falling due within one year | 13 | (380,873) | (101,960) |
| Net current assets | | 15,405,899 | 20,438,360 |
| Total assets less current liabilities | | 27,015,609 | 29,632,293 |
| Net assets | | 27,015,609 | 29,632,293 |
| Capital and reserves | | | |
| Called up share capital | | 100,000 | 100,000 |
| Profit and loss account | | 26,915,609 | 29,532,293 |
| | | 27,015,609 | 29,632,293 |

The directors consider that the company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

E.L.HEAD LIMITED Financial Accounts 2020-03-31

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

B J Head

Director

Date: 31 March 2021

The notes on pages 5 to 13 form part of these financial statements.

E.L. Head Limited

**Statement of changes in equity
For the year ended 31 March 2020**

| | Called up share capital £ | Profit and loss account £ | Total equity £ |
|--|---------------------------------|---------------------------------|-------------------|
| At 1 April 2019 | 100,000 | 29,532,293 | 29,632,293 |
| Comprehensive income for the year | | | |
| Loss for the year | - | (2,376,684) | (2,376,684) |
| Dividends: Equity capital | - | (240,000) | (240,000) |
| At 31 March 2020 | <u>100,000</u> | <u>26,915,609</u> | <u>27,015,609</u> |

The notes on pages 5 to 13 form part of these financial statements.

**Statement of changes in equity
For the year ended 31 March 2019**

| | Called up share capital £ | Profit and loss account £ | Total equity £ |
|--|---------------------------------|---------------------------------|-------------------|
| At 1 April 2018 | 100,000 | 28,368,037 | 28,468,037 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 1,404,256 | 1,404,256 |
| Dividends: Equity capital | - | (240,000) | (240,000) |
| At 31 March 2019 | <u>100,000</u> | <u>29,532,293</u> | <u>29,632,293</u> |

The notes on pages 5 to 13 form part of these financial statements.

E.L. Head Limited

**Notes to the financial statements
For the year ended 31 March 2020**

1. General information

The company is a private limited company (registered number 00535757), which is incorporated and domiciled in England & Wales.

The address of the registered office is:

Eddington Works
Eddington Lane
Herne Bay
Kent
CT6 5TR

The principal activity of the company is to grant licences to Crown Products (Kent) Limited, and agreements have been entered into with that company, covering the supply of necessary premises, equipment and expertise to manufacture the company's products.

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 Section 1A of 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 company, and the group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and group are considered eligible for the exemption to prepare consolidated accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The company's functional and presentational currency is Pounds Sterling.

The company's financial statements are presented to the nearest Pound.

The following principal accounting policies have been applied:

2.2 Going concern

While the impact of the COVID-19 pandemic has been assessed by the directors, so far as reasonably possible, due to its unprecedented impact on the wider economy, it is difficult to evaluate with any certainty the potential outcomes on the company's future operational activities with certainty. However, the directors have taken every possible step to mitigate related losses, to secure future income streams, and have taken into consideration the latest UK Government restrictions and available support.

Notwithstanding these factors, after making enquiries and considering the uncertainties, the directors have formed a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 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:

E.L. Head Limited

Notes to the financial statements
For the year ended 31 March 2020

2. Accounting policies (continued)

2.4 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.

Land is not depreciated. Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on following basis.

Depreciation is provided on the following basis:

| | | | |
|-----------------------|---|-----|--|
| Freehold buildings | - | 2% | straight line |
| Plant and machinery | - | 25% | straight line on substantial plant and 25% reducing balance on all other plant |
| Commercial vehicles | - | 20% | reducing balance |
| Fixtures and fittings | - | 20% | straight line |
| Computer equipment | - | 50% | in year 1 and 25% in year 2 & 3 (over 3 years in total) |

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 comprehensive income.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 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.

2.7 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.

2.8 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.

2.9 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.

E.L. Head Limited

**Notes to the financial statements
For the year ended 31 March 2020**

2. Accounting policies (continued)

2.10 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 a board meeting.

2.11 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 comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.12 Operating leases: the company as lessor

Rentals income from operating leases is credited to the Statement of comprehensive income on a straight line basis over the term of the relevant lease.

2.13 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 comprehensive income 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.

2.14 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.15 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

E.L. Head Limited

Notes to the financial statements
For the year ended 31 March 2020

2. Accounting policies (continued)

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, 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.

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

The company may be required to make estimates and assumptions concerning the future. These estimates and judgments are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The principal areas where judgment was exercised are as follows:

Tangible fixed assets - the directors annually assess both the residual value of these assets and the expected useful life of such assets which is currently judged to be up to 50 years, based on experience.

Included within freehold property are properties leased to third parties held at cost less accumulated depreciation. The directors consider adopting a policy of revaluation would require undue cost and effort and that the costs of conducting such a valuation would exceed the benefits for the users of the accounts. These properties have therefore continued to be held at cost less accumulated depreciation.

Deferred tax - for a deferred tax asset to be recognised there must be, on the basis of all available evidence, reasonable assurance that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Having assessed this the directors consider that there will be sufficient future taxable profits to enable the asset to reverse.

4. Turnover

All turnover arose within the United Kingdom.

E.L. Head Limited

**Notes to the financial statements
For the year ended 31 March 2020**

5. Operating (loss)/profit

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

| | 2020 | 2019 |
|---------------------------------------|-------------------------|-------------------------|
| | £ | £ |
| Depreciation of tangible fixed assets | 1,896,428 | 1,092,174 |
| Exchange differences | 488,077 | 7,768 |
| Defined contribution pension cost | 32,400 | 32,400 |
| | <u><u>1,416,905</u></u> | <u><u>1,132,342</u></u> |

6. Employees

The average monthly number of employees, including directors, during the year was 5 (2019 - 5).

7. Directors' remuneration

| | 2020 | 2019 |
|---|-------------------------|-----------------------|
| | £ | £ |
| Directors' emoluments | 1,433,667 | 492,979 |
| Company contributions to defined contribution pension schemes | 18,000 | 18,000 |
| | <u><u>1,451,667</u></u> | <u><u>510,979</u></u> |

During the year retirement benefits were accruing to 1 director (2019 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £1,176,947 (2019 - £258,205).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £18,000 (2019 - £18,000).

8. Dividends

| | 2020 | 2019 |
|--|-----------------------|-----------------------|
| | £ | £ |
| Dividends of £2.40 (2019 - £2.40) per ordinary share | 240,000 | 240,000 |
| | <u><u>240,000</u></u> | <u><u>240,000</u></u> |

E.L. Head Limited

**Notes to the financial statements
For the year ended 31 March 2020**

9. Tangible fixed assets

| | Land and Building | Plant and machinery | Commercial vehicles | Fixtures, Fittings and computer equipment | Total |
|-------------------------------------|-------------------------|-------------------------|------------------------|--|--------------------------|
| | £ | £ | £ | £ | £ |
| Cost or valuation | | | | | |
| At 1 April 2019 | 9,857,884 | 14,326,670 | 160,630 | 400,229 | 24,745,413 |
| Additions | 889,704 | 3,401,495 | - | 21,020 | 4,312,219 |
| Disposals | - | (2,686,063) | - | (7,164) | (2,693,227) |
| At 31 March 2020 | <u>10,747,588</u> | <u>15,042,102</u> | <u>160,630</u> | <u>414,085</u> | <u>26,364,405</u> |
| Depreciation | | | | | |
| At 1 April 2019 | 2,643,247 | 12,395,296 | 141,575 | 374,136 | 15,554,254 |
| Charge for the year on owned assets | 153,122 | 1,713,498 | 3,811 | 25,998 | 1,896,429 |
| Disposals | - | (2,686,051) | - | (7,164) | (2,693,215) |
| At 31 March 2020 | <u>2,796,369</u> | <u>11,422,743</u> | <u>145,386</u> | <u>392,970</u> | <u>14,757,468</u> |
| Net book value | | | | | |
| At 31 March 2020 | <u><u>7,951,219</u></u> | <u><u>3,619,359</u></u> | <u><u>15,244</u></u> | <u><u>21,115</u></u> | <u><u>11,606,937</u></u> |
| At 31 March 2019 | <u><u>7,214,637</u></u> | <u><u>1,931,374</u></u> | <u><u>19,055</u></u> | <u><u>26,093</u></u> | <u><u>9,191,159</u></u> |

As at 31 March 2020, the net book value of assets leased to third parties by the company under operating leases included within land and buildings is £3,035,443 (2019: £2,663,669).

Included in land and buildings is freehold land at cost of £3,091,510 (2019: £2,235,327). Land is not depreciated.

E.L. Head Limited

**Notes to the financial statements
For the year ended 31 March 2020**

10. Fixed asset investments

| | Investments in subsidiary companies |
|--------------------------|--|
| | £ |
| Cost or valuation | |
| At 1 April 2019 | 2,773 |
| At 31 March 2020 | <u>2,773</u> |
| Net book value | |
| At 31 March 2020 | <u><u>2,773</u></u> |
| At 31 March 2019 | <u><u>2,773</u></u> |

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

| Name | Registered office | Class of shares | Holding |
|----------------------|--------------------------------------|------------------------|----------------|
| Ilenkleiva 4 OG 8 AS | Ilenleiva 4, 3360 Geithus, Norway | Ordinary | 100% |

The principal activity of the subsidiary undertaking is that of a dormant holding company.

11. Debtors

| | 2020 | 2019 |
|------------------------------------|-------------------------|-------------------------|
| | £ | £ |
| Trade debtors | 40,590 | - |
| Amounts owed by group undertakings | 1,227,273 | 1,227,273 |
| Other debtors | 143,506 | 4,248 |
| Prepayments and accrued income | 615,557 | 1,530,414 |
| Deferred taxation | 113,267 | 149,356 |
| | <u>2,140,193</u> | <u>2,911,291</u> |

E.L. Head Limited

**Notes to the financial statements
For the year ended 31 March 2020**

12. Cash and cash equivalents

| | 2020 £ | 2019 £ |
|--------------------------|-------------------|-------------------|
| Cash at bank and in hand | 13,646,579 | 17,629,029 |
| | <u>13,646,579</u> | <u>17,629,029</u> |

13. Creditors: Amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 304,798 | 723 |
| Corporation tax | - | 1,939 |
| Other taxation and social security | 21,761 | 47,960 |
| Other creditors | 49,545 | 49,545 |
| Accruals and deferred income | 4,769 | 1,793 |
| | <u>380,873</u> | <u>101,960</u> |

14. Share capital

| | 2020 £ | 2019 £ |
|--|----------------|----------------|
| Allotted, called up and fully paid | | |
| 100,000 (2019 - 100,000) ordinary shares of £1.00 each | <u>100,000</u> | <u>100,000</u> |

15. Capital commitments

At 31 March 2020 the company had capital commitments as follows:

| | 2020 £ | 2019 £ |
|---|-----------|------------------|
| Contracted for but not provided in these financial statements | - | 3,562,169 |
| | <u>-</u> | <u>3,562,169</u> |

16. Pension commitments

The company made contributions to the personal pension schemes of Mr B J Head along with two other employees of the company.
Contributions paid during the year totalled £32,400 (2019: £32,400).

E.L. Head Limited

**Notes to the financial statements
For the year ended 31 March 2020**

17. Related party transactions

Transactions with group companies that are wholly owned have not been disclosed in accordance with section 33 of FRS 102.
The following related party transactions were entered into during the year:

| | 2020 £ | 2019 £ |
|---|------------------|------------------|
| Sales to company under common control | 1,600,000 | 3,225,000 |
| Purchases from company under common control | 127,075 | 237,187 |
| | <u>1,727,075</u> | <u>3,462,187</u> |

18. Controlling party

The directors believe that Mr B J Head has ultimate control of the company.

