

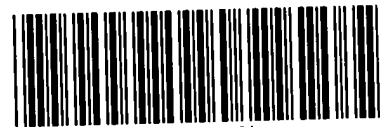
Registered number: 00464142

PW DEFENCE LIMITED

Annual report and financial statements

For the year ended 31 October 2020

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COMPANIES HOUSE

PW DEFENCE LIMITED

Company Information

Directors

Mr J F Abbass
Mr J G Hughes
Mr S A Young (appointed 20 March 2020)
Mr A D Walker (appointed 14 October 2020)

Company secretary

J Kirk

Registered number

00464142

Registered office

Wilne Mill
Draycott
Derby
UK
DE72 3QJ

Independent auditors

Smith Cooper Audit Limited
Chartered accountants & Statutory auditors
Cathedral Quarter
King Street
Derby
DE1 3EE

PW DEFENCE LIMITED

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PW DEFENCE LIMITED

Strategic report For the year ended 31 October 2020

Introduction

The directors aim to present a detailed and balance review of the year ended 31 October 2020.

Business review

As shown in the Company's profit and loss account, the Company's sales have increased by 30% to £10,766k compared to the prior year. The recognition of turnover can experience significant timing issues with respect to obtaining official clearances so the Company can release orders for production and shipping.

The Company has also made an operating profit in the current year of £168k (2019: operating loss £2,884k).

The Company's key measurement of the effectiveness of its operations is return on sales which is based on operating profit as a proportion of turnover. The Company experienced a return on sales of 1.6% (2019: 35% negative return).

Principal risks and uncertainties

The Company is responsible for a system of internal control and risk management. The Company manages risks through its monthly management meetings which include a review of the key risks associated with the achievement of the annual budget and the three year plan; and the most significant health and safety risks identified. Brief details of the principal risks and uncertainties currently facing the Company are set out below:

Health and safety risks

Responsibility for the delivery of world class safety standards is an integral part of the operational management accountability. The Company's management are, therefore, expected to operate with health and safety as a top priority and to ensure that the strength of the Company's safety culture (and the quality of its protective systems) deliver operations which are absolutely safe and where employees and visitors feel safe.

Environmental laws and regulations

The Company's operations, ownership and use of property are subject to a number of environmental laws and regulations, including those relating to discharge of hazardous materials, management of any contaminated sites, and the restoration of damage to the environment. The Company is certified to the environmental management system ISO14001, which requires the setting of environmental goals and objectives focused on local aspects and impacts.

Future development and possible defence budget cuts

Defence and security spending levels depend on a complex mix of political considerations, budgetary constraints and the requirement of the armed forces and security forces to address specific threats and perform certain missions. As such, governmental spending may be subject to significant fluctuations from year to year. In recognition of the issues affecting the Company's traditional NATO markets, business development activities are being focused more on non-NATO markets, where defence and security expenditure are forecast to grow. The Company continues to closely monitor the position in all key markets in which it operates.

Post year end the government approved the largest rise in its defence budget for a number of years.

In April 2020, the Company entered into a new 7-year framework agreement with UK Government, who remain the Company's largest customer and, as such, the directors anticipate an increased level of trade over the coming years.

Timing and value of orders

The majority of the Company's contracts are of a relatively short duration and, with the exception of framework contracts with key customers, do not usually cover multi-year requirements. This means that an unmitigated delay in the receipt of key orders could affect earnings. Maximising order intake is, therefore, a key objective for the Company.

PW DEFENCE LIMITED

Strategic report (continued)
For the year ended 31 October 2020

Political risks

The Company is active in several countries that are suffering from political and economic instability. The Company's business in these countries may be adversely affected in a way that is material to its financial position and the results of its operations. The Company strives to maintain relationships at all levels within the political structure of certain key countries, in order to ensure that it is aware of, and can react to, proposed changes if and when they occur.

Management resource

The Company requires competent management to lead it through the next stage of its development. In challenging markets and difficult times, there is a need to retain and incentivise senior managers and key employees in order to ensure that the operations of the Company do not suffer from loss of management experience and knowledge. Incentive arrangements have been developed and launched to ensure that employees are suitably incentivised to deliver key strategic objectives.

Manufacturing risks

The Company's manufacturing activities may be exposed to business continuity risks, arising from plant failures, supplier interruptions or quality issues. These could result in financial loss, reputational damage and loss of future business. The Company has prepared business continuity plans. The Company also insures, certain business interruption risks where appropriate.

Technology risks

The Company's approach to innovation and continued research and development activities ensures that the Company is continually adding new products to the range, through a focused product development and technology investment approach.

Product liability and other customer claims

The Company may be subject to product liability and other claims by customers or third parties. Substantial claims could harm the Company's business and its financial position. Product liability claims from third parties for damage to property or persons are generally covered by the Company's insurance policies, subject to applicable insurance conditions.

Code of business principals

The Company operates a number of policies which determine the principles under which the Company operates, and which stipulate the standard of acceptable business conduct required by employees and third parties acting on the Company's behalf. This includes the Sales of Goods and Services Policy linked to the Anti Bribery and Corruption Policy and supported by the Whistle Blowing Policy.

Cyber-related risks

Cyber related risks are key emergent areas of critical importance. Threats emanate from a wide variety of sources and could target a range of systems, leading to critical systems failures or loss of the intellectual property owned by the Company or its customers. In addition, the Company could suffer reputational damage.

BREXIT risks

Whilst a trade deal has now been reached, the Company continues to review its business continuity plans to the best of its ability to attempt to mitigate any adverse effects.

PW DEFENCE LIMITED

Strategic report (continued)
For the year ended 31 October 2020

Financial risks

The Company undertakes certain transactions denominated in foreign currencies, giving rise to exposures to exchange rate fluctuations. The Company operates a policy where it would undertake foreign exchange hedging to mitigate any significant risks. However, in these financial statements, there has been no requirement to hedge as the Company has been able to self-hedge.

Financial key performance indicators

The Company uses a number of financial key performance indicators (KPI's) to measure performance. The Company's principal KPI is return on sales, which is based on measuring operating profit as a proportion of turnover, this is noted in the business review above.

Other key performance indicators

Employees

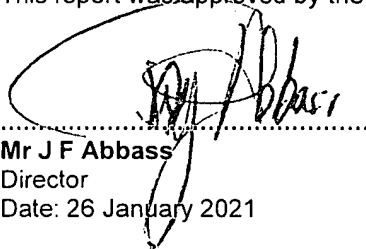
The Company pursues a policy of employee communication through quarterly updates to all staff and holding monthly meetings with senior management to enable them to brief their own teams to ensure employees are informed on matters affecting them. A monthly Joint Consultative Council meeting is also held with employee representatives from each department chaired by staff.

The Company makes no distinction between disabled and able-bodied persons in recruitment, employment, training, career development and promotion, provided that any disability does not make the particular employment impractical or impossible under stringent Health and Safety and Explosives Acts under which the Company operates.

Research and development activities

The Company continues to invest in research and development activities. Total research and development costs charged to the profit and loss account in the year were £84,328 (2019: £69,281).

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



.....
Mr J F Abbass
Director
Date: 26 January 2021

PW DEFENCE LIMITED

Directors' report For the year ended 31 October 2020

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

Directors' responsibilities statement

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

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

Principal activity

The Company's principal activity remains that of the development, manufacture and sale of pyrotechnic devices to defence and security customers in both the UK and internationally, where such trade has been authorised by the UK government. There were no significant changes in the Company's principal activities in the year under review.

Results and dividends

The profit for the year, after taxation, amounted to £39 thousand (2019 - loss £2,839thousand).

The directors do not recommend the payment of a dividend (2019: £Nil).

Directors

The directors who served during the year were:

Mr J F Abbass
Mr J G Hughes
Mr S A Young (appointed 20 March 2020)
Mr A D Walker (appointed 14 October 2020)

PW DEFENCE LIMITED

Directors' report (continued)
For the year ended 31 October 2020

Future developments

The Company continues to closely monitor the position in all the key markets in which it operates. Further details can be found in the strategic report.

Financial instruments

The Company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk, interest rate risk and foreign exchange risk. The Company has a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring debt finance and related costs. The Company has implemented policies that require appropriate credit checks before a sale is made. The Company actively monitors movements in exchange rates in order to limit their exposure to adverse effects.

Research and development activities

The Company continues to invest in research and development activities. Further details can be found in the strategic report.

Engagement with employees

The Company pursues a policy of employee communication through meetings and in-house correspondence, by which employees are made aware of the progress of the Company. Further details can be found in the strategic report.

Disclosure of information to auditors

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

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

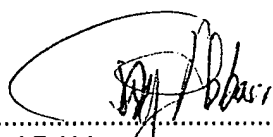
Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Smith Cooper Audit Limited will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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



.....
Mr J F Abbass
Director
Date: 26 January 2021

PW DEFENCE LIMITED

Independent auditors' report to the members of PW Defence Limited

Opinion

We have audited the financial statements of PW Defence Limited (the 'Company') for the year ended 31 October 2020, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

PW DEFENCE LIMITED

Independent auditors' report to the members of PW Defence Limited (continued)

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 4, 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.

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

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

PW DEFENCE LIMITED

Independent auditors' report to the members of PW Defence Limited (continued)

Use of our report

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

Smith Cooper Audit Limited

James Delve (Senior statutory auditor)

for and on behalf of

Smith Cooper Audit Limited

Chartered accountants

Statutory auditors

Cathedral Quarter

King Street

Derby

DE1 3EE

27 January 2021

PW DEFENCE LIMITED

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

	Note	2020	2019 £000
Turnover	4	10,766	8,300
Cost of sales		(9,061)	(9,502)
Gross profit/(loss)		<u>1,705</u>	<u>(1,202)</u>
Distribution costs		(5)	(54)
Administration expenses		(2,489)	(679)
Admin - exceptional (on face of P&L a/c)	13	-	(897)
Other operating income	5	1,036	-
Other operating expenses		(79)	(52)
Operating profit/(loss)		<u>168</u>	<u>(2,884)</u>
Other interest receivable and similar income	10	15	1
Interest payable and similar expenses	11	(142)	(72)
Profit/(loss) before taxation		<u>41</u>	<u>(2,955)</u>
Tax on profit/(loss)	12	(2)	116
Profit/(loss) for the financial year		<u><u>39</u></u>	<u><u>(2,839)</u></u>

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

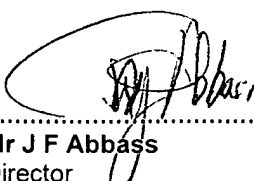
The notes on pages 14 to 35 form part of these financial statements.

PW DEFENCE LIMITED
Registered number: 00464142

Balance sheet
As at 31 October 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	14	490	525
Tangible assets	15	4,144	4,192
		<u>4,634</u>	<u>4,717</u>
Current assets			
Stocks	16	3,266	3,291
Debtors due within 1 year	17	2,995	1,687
Debtors due after more than 1 year	17	423	423
Cash at bank and in hand	18	2,024	1,337
		<u>8,708</u>	<u>6,738</u>
Creditors: amounts falling due within one year	19	(3,852)	(2,215)
Net current assets		<u>4,856</u>	<u>4,523</u>
Total assets less current liabilities		<u>9,490</u>	<u>9,240</u>
Creditors: amounts falling due after more than one year	20	(1,402)	(1,240)
Provisions for liabilities			
Other provisions	23	(652)	(603)
Net assets		<u><u>7,436</u></u>	<u><u>7,397</u></u>
Capital and reserves			
Called up share capital	24	1,154	1,154
Share premium account	25	1,047	1,047
Revaluation reserve	25	365	379
Profit and loss account	25	4,870	4,817
		<u>7,436</u>	<u>7,397</u>

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


.....
Mr J F Abbass
Director
Date: 26 January 2021

The notes on pages 14 to 35 form part of these financial statements.

PW DEFENCE LIMITED

Statement of changes in equity
For the year ended 31 October 2020

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 November 2019	1,154	1,047	379	4,817	7,397
Comprehensive income for the year					
Profit for the year	-	-	-	39	39
Total comprehensive income for the year	-	-	-	39	39
Transfer to/from profit and loss account	-	-	(14)	14	-
Total transactions with owners	-	-	(14)	14	-
At 31 October 2020	1,154	1,047	365	4,870	7,436

The notes on pages 14 to 35 form part of these financial statements.

PW DEFENCE LIMITED

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

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 November 2018	1,154	-	440	7,595	9,189
Comprehensive income for the year					
Loss for the year	-	-	-	(2,839)	(2,839)
Total comprehensive income for the year	-	-	-	(2,839)	(2,839)
Shares issued during the year	-	1,047	-	-	1,047
Transfer to/from profit and loss account	-	-	(61)	61	-
Total transactions with owners	-	1,047	(61)	61	1,047
At 31 October 2019	1,154	1,047	379	4,817	7,397

The notes on pages 14 to 35 form part of these financial statements.

PW DEFENCE LIMITED

**Analysis of Net Debt
For the year ended 31 October 2020**

	At 1 November 2019 £000	Cash flows £000	Other non- cash changes £000	At 31 October 2020 £000
Cash at bank and in hand	1,337	687	-	2,024
Debt due after 1 year	(190)	(212)	-	(402)
Debt due within 1 year	(886)	(38)	886	(38)
Trade finance facility	-	(1,363)	-	(1,363)
	<u>261</u>	<u>(926)</u>	<u>886</u>	<u>221</u>

The notes on pages 14 to 35 form part of these financial statements.

PW DEFENCE LIMITED

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

1. General information

PW Defence Ltd is private company limited by shares incorporated and domiciled in the United Kingdom. The address of the Company's registered office and principal place of business is Wilne Mill, Draycott, Derby, DE72 3QJ.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The financial statements are prepared in Sterling which is the functional currency of the Company. All amounts in the financial statements have been rounded to the nearest £1,000.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of PWD Group Limited as at 31 October 2020 and these financial statements may be obtained from Companies House.

2.3 Going concern

The directors have considered the appropriateness of the going concern basis of the preparation of the financial statements by preparing detailed profit and cashflow forecasts covering a period of at least 12 months from the date of the approval of these financial statements. These show an ability to operate within agreed facilities.

PW DEFENCE LIMITED

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

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Sale of goods

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

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

In the case of the sale of goods under "bill and hold" arrangements, turnover is recognised when the buyer acknowledges the deferred delivery instructions and usual payment terms apply.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

PW DEFENCE LIMITED

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

2. Accounting policies (continued)

2.7 Research and development

Research expenditure is charged to the profit and loss account as incurred. Development, patent and license costs are also charged to the profit and loss account, as incurred, except where a major project is undertaken and it is reasonably anticipated that costs will be recovered through future commercial activity.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.11 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.12 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 profit or loss 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.

The Company also operated a defined benefit pension scheme in the previous year up to acquisition by PWD Group Limited on 21 June 2019 and the pension charge is based on an actuarial valuation which is further outlined in note 28.

2.13 Share based payments

In the previous year certain employees participated in equity settled share based compensation schemes operated by the previous parent company, Chemring Group PLC.

For grants made under such schemes, the fair value is remeasured at each balance sheet date with the changes in the fair value recognised in the profit and loss account on a straight line basis over the vesting period, based on the estimate of the shares that will eventually vest.

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

2. Accounting policies (continued)

2.14 Current and deferred taxation

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

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

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

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

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

2.15 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.

2.16 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Licenses	-	3	years
Development expenditure	-	3	years
Computer software	-	3	years
ERP software system (included in software)	-	8	years

PW DEFENCE LIMITED

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

2. Accounting policies (continued)

2.17 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 5 - 50 years
Plant and machinery	- 2 - 20 years
Motor vehicles	- 5 years
Fixtures and fittings	- 3 - 20 years
Office equipment	- 3 - 5 years
Asset under construction	- Not depreciated

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 profit or loss.

Land is not depreciated.

2.18 Revaluation of tangible fixed assets

As permitted by FRS 102, the Company has elected not to adopt a policy of revaluation of tangible fixed assets. The Company will retain the book value of land and buildings revalued at 30 September 1997 and will not update that valuation.

2.19 Stocks

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

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

2.20 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.

2.21 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.

PW DEFENCE LIMITED

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

2. Accounting policies (continued)

2.22 Creditors

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

2.23 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

2.24 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.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Complex financial instruments

The Company uses forward foreign currency contracts to reduce exposure to foreign exchange rates. These financial instruments are subsequently measured at fair value through the profit and loss account.

The fair value of forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

Forward foreign currency contract assets and liabilities are derecognised when the liability is extinguished, that is when the contract obligation is discharged, cancelled or expired.

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

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

When applying the Company's accounting policies, management must make assumptions and estimates concerning the future that affect the carrying amounts of assets and liabilities at the balance sheet date and the amounts of turnover and expenses recognised during the year. Such assumptions and estimates are based upon factors including historical experience, the observation of trends in the industries in which the Company operates, and information available from the Company's customers and other external sources.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year include:

Depreciation, amortisation and residual values

The directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider the issues such as future market conditions, the remaining life of the asset and projected disposal values.

Carrying value of stocks

The directors review the market value and demand for its stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. The directors use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the Company's products and achievable selling prices.

Provisions

A provision is recognised when the Company has a present and legal constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Whether a present obligation is probable or not requires judgement. The nature of the risks for these provisions differ and directors judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company takes professional advice on its tax affairs and recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due.

The directors' estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future profits together with an assessment of the effects of future tax planning strategies.

PW DEFENCE LIMITED

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

4. Turnover

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

Analysis of turnover by country of destination:

	2020 £000	2019 £000
United Kingdom	6,054	5,533
Rest of the world	4,712	2,767
	<u>10,766</u>	<u>8,300</u>

5. Other operating income

	2020 £000	2019 £000
Other operating income	1,028	-
Government grants receivable	8	-
	<u>1,036</u>	<u>-</u>

Other operating income comprises of release of a loan liability totaling £885,536 inline with a contractually accepted release which offsets an impairment recognised against trade debtors during the year which has a nil impact on overall profitability. The remaining amount of other operation income £142,147 relates to R&D tax credit income.

The government grants receivable relate entirely to receipts from the governments job retention scheme.

6. Operating profit/(loss)

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

	2020 £000	2019 £000
Research & development charged as an expense	84	69
Exchange differences	4	2
Operating lease rentals	11	15
Depreciation of tangible fixed assets	456	474
Amortisation of intangible assets	164	119
	<u>720</u>	<u>679</u>

PW DEFENCE LIMITED

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

7. Auditors' remuneration

	2020 £000	2019 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	20	20

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

8. Employees

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

	2020 £000	2019 £000
Wages and salaries	2,947	3,344
Social insurance costs	301	278
Cost of defined contribution scheme	154	170
	<u>3,402</u>	<u>3,792</u>

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

	2020 No.	2019 No.
Production	125	111
Non-production	19	15
	<u>144</u>	<u>126</u>

9. Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	69	68
Company contributions to defined contribution pension schemes	6	2
	<u>75</u>	<u>70</u>

During the year retirement benefits were accruing to 2 directors (2019 - 1) in respect of defined contribution pension schemes.

PW DEFENCE LIMITED

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

10. Interest receivable

	2020	2019
	£000	£000
Other interest receivable	<u>15</u>	<u>1</u>

11. Interest payable and similar expenses

	2020	2019
	£000	£000
Other loan interest payable	<u>142</u>	<u>72</u>

12. Taxation

	2020	2019
	£000	£000
Corporation tax		
Current tax on profits for the year	27	-
Adjustments in respect of previous periods	-	(38)
	<u>27</u>	<u>(38)</u>
Total current tax	<u>27</u>	<u>(38)</u>
Deferred tax		
Origination and reversal of timing differences	(25)	(78)
Total deferred tax	<u>(25)</u>	<u>(78)</u>
Taxation on profit/(loss) on ordinary activities	<u>2</u>	<u>(116)</u>

PW DEFENCE LIMITED

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

12. Taxation (continued)

Factors affecting tax charge for the year

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

	2020 £000	2019 £000
Profit/(loss) on ordinary activities before tax	41	(2,955)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	8	(561)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	19	-
Capital allowances for year in excess of depreciation	(66)	-
Utilisation of tax losses	(1)	-
Unrelieved tax losses carried forward	42	470
Tax rate differences	-	13
Prior period adjustments	-	(38)
Total tax charge for the year	2	(116)

Factors that may affect future tax charges

The Company has unrelieved tax losses carried forward of £4,494,841 (2019: £3,237,000).

13. Exceptional items

	2020 £000	2019 £000
Reorganisation costs	-	132
Defined benefit pension scheme settlement	28	765
	-	897

PW DEFENCE LIMITED

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

14. Intangible assets

	Licenses £000	Development expenditure £000	Asset under construction £000	Computer software £000	Total £000
Cost					
At 1 November 2019	153	931	-	727	1,811
Additions	74	-	3	52	129
At 31 October 2020	<u>227</u>	<u>931</u>	<u>3</u>	<u>779</u>	<u>1,940</u>
Amortisation					
At 1 November 2019	29	931	-	326	1,286
Charge for the year on owned assets	72	-	-	92	164
At 31 October 2020	<u>101</u>	<u>931</u>	<u>-</u>	<u>418</u>	<u>1,450</u>
Net book value					
At 31 October 2020	<u>126</u>	<u>-</u>	<u>3</u>	<u>361</u>	<u>490</u>
At 31 October 2019	<u>124</u>	<u>-</u>	<u>-</u>	<u>401</u>	<u>525</u>

The individual intangible asset which is material to the financial statements is an ERP Project with a NBV of £310,358, at the year end this asset has a remaining life of 41 months.

PW DEFENCE LIMITED

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

15. Tangible fixed assets

	Freehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Office equipment £000	Asset under construction £000	Total £000
Cost or valuation							
At 1 November 2019	4,992	3,965	63	513	138	23	9,694
Additions	-	25	-	-	32	350	407
Transfers between classes	-	22	-	-	4	(26)	-
At 31 October 2020	<u>4,992</u>	<u>4,012</u>	<u>63</u>	<u>513</u>	<u>174</u>	<u>347</u>	<u>10,101</u>
Depreciation							
At 1 November 2019	2,209	2,778	55	364	95	-	5,501
Charge for the year on owned assets	149	253	2	34	18	-	456
At 31 October 2020	<u>2,358</u>	<u>3,031</u>	<u>57</u>	<u>398</u>	<u>-113</u>	<u>-</u>	<u>5,957</u>
Net book value							
At 31 October 2020	<u>2,634</u>	<u>981</u>	<u>6</u>	<u>115</u>	<u>61</u>	<u>347</u>	<u>4,144</u>
At 31 October 2019	<u>2,783</u>	<u>1,187</u>	<u>7</u>	<u>149</u>	<u>43</u>	<u>23</u>	<u>4,192</u>

Included in Freehold is land with a value of £190,000 that has not been depreciated.

The net book value of land and buildings may be further analysed as follows:

	2020 £000	2019 £000
Freehold	<u>2,634</u>	<u>2,783</u>

Cost or valuation at 31 October 2020 is as follows:

	Land and buildings £000
Subsequent additions and disposals at cost	3,172
At valuation: 30 September 1997 - depreciated replacement cost	<u>1,820</u>
	<u>4,992</u>

PW DEFENCE LIMITED

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

15. Tangible fixed assets (continued)

At 30 September 1997 an independent valuation was undertaken on the Company's freehold property. The valuation was performed on a depreciated replacement value basis, as in the option of the directors this was the most appropriate basis as the site is unique.

In accordance with the transitional provisions of FRS 102, this valuation has not been updated.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2020 £000	2019 £000
Cost	4,499	4,499
Accumulated depreciation	(2,229)	(2,094)
Net book value	<u><u>2,270</u></u>	<u><u>2,405</u></u>

16. Stocks

	2020 £000	2019 £000
Raw materials and consumables	2,270	2,177
Work in progress	304	478
Finished goods and goods for resale	692	636
	<u><u>3,266</u></u>	<u><u>3,291</u></u>

An impairment loss of £101,378 (2019: £505,000) has been recognised in cost of sales against stock during the year due to slow moving and obsolete stock.

The replacement cost of stock is not materially different from the historic cost.

PW DEFENCE LIMITED

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

17. Debtors

	2020 £000	2019 £000
Due after more than one year		
Amounts owed by group undertakings	423	423
Due within one year		
Trade debtors	2,731	1,309
Other debtors	10	8
Prepayments	139	281
Deferred taxation	114	89
	<u>3,417</u>	<u>2,110</u>

An impairment charge of £885,839 (2019: credit £968,000) has been recognised in administrative expenses against trade debtors.

18. Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	<u>2,024</u>	<u>1,337</u>

19. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Bank loans	38	-
Other loans	-	886
Payments received on account	293	307
Trade creditors	1,146	256
Amounts owed to group undertakings	50	7
Taxation and social insurance	183	96
Trade finance facility	1,363	-
Other creditors	41	138
Accruals	738	525
	<u>3,852</u>	<u>2,215</u>

Amounts owed to group undertakings totaling £50,000 are unsecured and interest is charged at 8%. This is repayable in full on 21 June 2021.

The trade finance facility is secured over all of the assets.

PW DEFENCE LIMITED

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

20. Creditors: Amounts falling due after more than one year

	2020	2019
	£000	£000
Bank loans	212	-
Amounts owed to group undertakings	1,190	1,240
	<u>1,402</u>	<u>1,240</u>

Amounts owed to group undertakings totaling £1,000,000 are unsecured and interest is charged at 8%. This is repayable in quarterly installments commencing 30 September 2022.

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	2020	2019
	£000	£000
Repayable in full	190	190

Amounts payable to group undertakings, these are unsecured and have a nil interest rate. This is repayable in full on 1 November 2030.

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

21. Loans

Analysis of the maturity of loans is given below:

	2020	2019
	£000	£000
Amounts falling due within one year		
Bank loans	38	-
Other loans	-	886
	<u>38</u>	<u>886</u>
Amounts falling due 1-2 years		
Bank loans	43	-
Amounts falling due 2-5 years		
Bank loans	169	-
	<u>250</u>	<u>886</u>

The other loan in 2019 was an amount owed to the previous parent company Chemring Group Plc, it was unsecured and attracted a 2.5% interest rate.

A loan of £52,500 was entered into on 27th October 2020 with a term of 60 months payable in monthly installments. Interest is charged at 13.25% and the loan is unsecured.

A loan of £52,500 was entered into on 10th October 2020 with a term of 60 months payable in monthly installments. Interest is charged at 13.25% and the loan is unsecured.

A loan of £145,000 was entered into on 20th October 2020 with a term of 60 months payable in monthly installments. Interest is charged at 13.25% and the loan is unsecured.

22. Deferred taxation

	2020
	£000
At beginning of year	89
Charged to profit or loss	25
Utilised in year	-
At end of year	<u><u>114</u></u>

PW DEFENCE LIMITED

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

22. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2020	2019
	£000	£000
Accelerated capital allowances	109	85
Short term timing differences	5	4
	<u>114</u>	<u>89</u>
	<u><u>114</u></u>	<u><u>89</u></u>

The reversal of deferred tax is expected to be immaterial.

23. Provisions

	Offset	Other	Total
	obligations	provisions	£000
	£000	£000	£000
At 1 November 2019	527	76	603
Charged to profit or loss	-	49	49
	<u>527</u>	<u>125</u>	<u>652</u>
At 31 October 2020	<u><u>527</u></u>	<u><u>125</u></u>	<u><u>652</u></u>

Provision for offset obligations is included in the Company's sales agreements, with a provision based on a discounted cash flow penalty model. The provision has been calculated using a discount rate of 3.4%. The timing and amount of the liability are uncertain. The estimates used in the discounted cash flow model are based on the periods and terms stipulated in the sales agreement.

24. Share capital

	2020	2019
	£000	£000
Allotted, called up and fully paid		
21,077,121 (2019 - 21,077,121) Ordinary shares of £0.05 each	1,054	1,054
100,000 (2019 - 100,000) Ordinary deferred shares of £1.00 each	100	100
	<u>1,154</u>	<u>1,154</u>
	<u><u>1,154</u></u>	<u><u>1,154</u></u>

The deferred shares confer no rights to dividends (except on winding-up) or voting at a general meeting.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

PW DEFENCE LIMITED

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

25. Reserves

Share premium account

Share premium represents the difference between the amount paid for share capital and the nominal value of the share capital.

Revaluation reserve

The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings up to 30 September 1997.

Profit and loss account

Retained earnings represents accumulated comprehensive income for the year and prior periods less dividends paid.

26. Share based payments

Until 21 June 2019 the Company was part of two Chemring Group Performance Share Plans, which provided incentives to the Group's senior management and other eligible employees, the cost of which was recharged to the Company. No conditional shares were awarded in 2019 or 2018 and the Company recognised a total charge of £nil (2019: £nil) relating to equity-settled share based payments. Following the sale of the Company by Chemring Group PLC on 21 June 2019, the Company is no longer part of such arrangements.

27. Capital commitments

At 31 October 2020 the Company had capital commitments as follows:

	2020	2019
	£000	£000
Contracted for but not provided in these financial statements	97	59

PW DEFENCE LIMITED

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

28. Pension commitments

Defined contribution pension scheme

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £154,000 (2019: £170,000). Contributions totalling £27,095 (2019: £48,000) were payable to the fund at the balance sheet date and are included in creditors.

Defined benefit pension scheme

The Company's previous parent company, Chemring Group PLC, operates a defined benefit pension scheme. Until 21 June 2019, the Company assumed its share of the assets and liabilities of the scheme, allocated according to the approximate number of active members.

On the sale of the Company on 21 June 2019 by Chemring Group PLC to PWD Group Limited, the trustees of the scheme agreed that Chemring Group PLC would take over the obligations of the Company with regard to the scheme and that the Company would have no further liability to contribution to the scheme.

The amounts disclosed within this note reflect the share of the net pension assets attributable to PW Defence Ltd, as agreed by the Chemring up until release on 21 June 2019.

Reconciliation of present value of plan assets:

	2020 £000	2019 £000
At the beginning of the year	-	776
Interest cost	-	(11)
Write-off on the sale of the Company	13	(765)
At the end of the year	<u>-</u>	<u>-</u>

Net pension scheme asset

The amounts recognised in profit or loss are as follows:

	2020 £000	2019 £000
Other finance costs	-	(11)

The cumulative amount of actuarial gains and losses recognised in the Statement of comprehensive income was £NIL (2019 - £NIL).

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

2020 %	2019 %
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PW DEFENCE LIMITED

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

28. Pension commitments (continued)

Discount rate	n/a	2.5
Pensions-in-payment increase rate	n/a	3.05
Price inflation rate (RPI)	n/a	3.2
Price inflation rate (CPI)	n/a	2.1
Mortality rates		
- for a male aged 65 now	n/a	22.8
- at 65 for a male aged 45 now	n/a	24.3
- for a female aged 65 now	n/a	24.2
- at 65 for a female member aged 45 now	n/a	25.8

Further information relating to the comparative information can be found in the Chemring Group PLC annual statements.

29. Commitments under operating leases

At 31 October 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	2019 £000
Not later than 1 year	13	10
Later than 1 year and not later than 5 years	25	7
	<u>38</u>	<u>17</u>

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

30. Related party transactions

As the Company is a wholly owned subsidiary of a company whose consolidated accounts are publicly available, the Company has taken advantage of the FRS 102 section 33.1A exemption from disclosing transactions with group undertakings.

During the year the Company made payments totalling £55,578 to an entity under common control. At the year end amounts totalling £57,125 were outstanding.

During the year the Company made payments totalling £19,760 to an entity under common control. At the year end amounts totalling £Nil were outstanding. In the previous year the Company made sales totalling £60,000 and paid commission totalling £30,000 to an entity under common control.

The Company paid expenses totaling £23,537 (2019: £52,000) to directors of the Company during the year of which none is outstanding (2019: £87,000)

The Company has a loan of £190,000 from the Company's ultimate parent company. The amount is repayable in full on 1 November 2030 and has a 0% rate of interest.

31. Controlling party

The ultimate parent company is PWD Group Inc, a company incorporated and registered in Canada. The directors are also the ultimate shareholders and control the Group jointly. The immediate parent is PWD Group Limited, incorporated in England and Wales.