

Company registration number: 05938708

ANNUAL REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2019

CONTECHS TECHNICAL
RESOURCING LIMITED



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CONTECHS TECHNICAL RESOURCING LIMITED

COMPANY INFORMATION

Directors	P R Jarvis I K Brookes R S Wakefield
Company secretary	I K Brookes
Registered number	05938708
Registered office	2 Sable Court Sylvan Way Southfield Business Park Basildon Essex SS15 6SR
Independent auditor	Menzies LLP Chartered Accountants & Senior Statutory Auditor Lynton House 7-12 Tavistock Square London WC1H 9LT

CONTECHS TECHNICAL RESOURCING LIMITED

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CONTECHS TECHNICAL RESOURCING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Principal Activities

The principal activity of the company during the year was that of providing engineering design consultants to the automotive industry. The company operates almost entirely in the automotive industry with clients in the UK and throughout Europe and the rest of the world.

Business review

During the period sales decreased by £7,372,287 to £12,650,223, a decrease of 36.8%.

It is anticipated that business will decrease further in 2020 due to general pressures on costs in the automotive industry and a preference by clients to purchase services by alternative methods.

The company follows a strategy of developing close relationships with clients based upon a high quality service offering and a deep knowledge of client's requirements. The company invests heavily in highly qualified staff, staff training and cutting edge technologies and facilities.

Principal risks and uncertainties

Credit Risk

The company's maximum exposure to credit risk in relation to financial assets is represented by bank balances and cash, trade and other receivable. The company receives prompt payment from clients and manages exposure by taking credit insurance, where appropriate.

Liquidity Risk

The company's policy on liquidity risk is to ensure that sufficient cash is available for on-going operations. The company's borrowing facilities are provided principally by bank overdrafts and support from other group companies.

Interest Rate Risk

The company has some exposure to interest rate risk on its bank overdrafts which are subject to variable rates of interest linked to bank rates.

Foreign Currency Risk

The company does not have any exposure to foreign currency as only deals in GBP so there is no foreign currency risk.

Financial key performance indicators

The company monitors its performance against strategic objectives by means of key performance indicators. The primary KPI's used are sales, gross profit, operating profit and net assets.

Comparing the key KPI's for 2019 to those from 2018 as follows:

- Sales have decreased by £7,372,287 to £12,650,223 which is a decrease of 36.8%..
- Gross profit margins have remained consistent at 6.1% (2018: 5.9%)
- Operating profit percentage has decreased this year. There has been a fall in administrative expenses by £234,068 to £816,712.
- Net assets have decreased by £112,351.

CONTECHS TECHNICAL RESOURCING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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

Ian Brookes

I K Brookes
Director

Date: 03-Dec-2020

CONTECHS TECHNICAL RESOURCING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

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.

Directors

The Directors who served during the year were:

P R Jarvis
I K Brookes
R S Wakefield

Future developments

The directors anticipate that the company will continue to operate with its existing service offering with the same clients and the existing management team and resources.

Matters covered in the strategic report

The company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the company's Strategic Report the Company's Strategic Report Information Required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

CONTECHS TECHNICAL RESOURCING LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Disclosure of information to auditor

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

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

Auditor

The auditor, Menzies LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

Ian Brookes

I K Brookes
Director

Date: 03-Dec-2020

CONTECHS TECHNICAL RESOURCING LIMITED

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONTECHS TECHNICAL RESOURCING LIMITED

Opinion

We have audited the financial statements of Contechs Technical Resourcing Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position 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 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

CONTECHS TECHNICAL RESOURCING LIMITED

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONTECHS TECHNICAL RESOURCING LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

CONTECHS TECHNICAL RESOURCING LIMITED

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONTECHS TECHNICAL RESOURCING 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 Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members for our audit work, for this report, or for the opinions we have formed.

Menzies LLP

RICHARD WATSON FCCA (Senior Statutory Auditor)

for and on behalf of
Menzies LLP

Chartered Accountants
Senior Statutory Auditor

Lynton House
7-12 Tavistock Square
London
WC1H 9LT
Date: 03-Dec-2020

CONTECHS TECHNICAL RESOURCING LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2019

		2019 £	2018 £
Turnover	4	12,650,223	20,022,510
Cost of sales		(11,879,601)	(18,842,397)
Gross profit		770,622	1,180,113
Administrative expenses		(816,712)	(1,051,580)
Operating (loss)/profit	5	(46,090)	128,533
Amounts written off investments		(74,792)	-
Interest receivable and similar income	7	32,293	34,029
(Loss)/profit before tax		(88,589)	162,562
Tax on (loss)/profit	8	(23,762)	(24,080)
(Loss)/profit after tax		(112,351)	138,482
Retained earnings at the beginning of the year		1,750,183	1,611,701
		1,750,183	1,611,701
(Loss)/profit for the year		(112,351)	138,482
Retained earnings at the end of the year		1,637,832	1,750,183

CONTECHS TECHNICAL RESOURCING LIMITED

REGISTERED NUMBER:05938708

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	9	86,185	156,475
		<u>86,185</u>	<u>156,475</u>
Current assets			
Debtors: amounts falling due within one year	10	2,521,324	3,504,729
Cash at bank and in hand	11	868,444	996,461
		<u>3,389,768</u>	<u>4,501,190</u>
Creditors: amounts falling due within one year	12	(1,837,121)	(2,906,482)
Net current assets		<u>1,552,647</u>	<u>1,594,708</u>
Total assets less current liabilities		<u>1,638,832</u>	<u>1,751,183</u>
Net assets		<u><u>1,638,832</u></u>	<u><u>1,751,183</u></u>
Capital and reserves			
Called up share capital	13	1,000	1,000
Profit and loss account	14	1,637,832	1,750,183
		<u>1,638,832</u>	<u>1,751,183</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 03-Dec-2020

Ian Brookes

I K Brookes
Director

The notes on pages 10 to 16 form part of these financial statements.

CONTECHS TECHNICAL RESOURCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Contechs Technical Resourcing Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The principal activity of the company is given in the strategic report on Page 1.

The address of the registered office is 2 Sable Court, Sylvan Way, Southfields Business Park, Basildon, Essex SS15 6SR.

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 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);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of Contechs Holdings Limited as at 31 December 2019 and these financial statements may be obtained from Companies House.

2.3 Revenue

Revenue represents net invoiced services, excluding value added tax and trade discounts.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

2.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

CONTECHS TECHNICAL RESOURCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.5 Taxation

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.

2.6 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.

2.7 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.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The directors do not consider there to be any significant judgements made in the process of applying the entity's accounting policies.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The directors do not consider they to be any key assumptions or other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

CONTECHS TECHNICAL RESOURCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Rendering of services	12,650,223	20,022,510
	<u>12,650,223</u>	<u>20,022,510</u>

All turnover arose within the United Kingdom.

5. Operating (loss)/profit

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

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	8,000	8,000
Defined contribution pension cost	26,836	27,337
	<u>34,836</u>	<u>35,337</u>

6. Employees

	2019 £	2018 £
Wages and salaries	1,557,964	2,107,467
Social security costs	147,737	196,680
Other pension costs	26,836	27,337
	<u>1,732,537</u>	<u>2,331,484</u>

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

	2019 No.	2018 No.
Number of production and administrative staff	42	60

CONTECHS TECHNICAL RESOURCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

7. Interest receivable

	2019 £	2018 £
Interest receivable from group companies	32,293	34,029
	<u>32,293</u>	<u>34,029</u>

8. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	-	27,164
Adjustments in respect of previous periods	23,762	(3,084)
	<u>23,762</u>	<u>24,080</u>
Total current tax	<u>23,762</u>	<u>24,080</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%) as set out below:

	2019 £	2018 £
(Loss)/profit on ordinary activities before tax	<u>(88,589)</u>	<u>162,562</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(16,832)	30,887
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	14,210	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	407	-
Adjustments in respect of prior periods	23,762	(3,084)
Unrelieved tax losses carried forward	2,215	-
Other differences leading to an increase (decrease) in the tax charge	-	(3,723)
Total tax charge for the year	<u>23,762</u>	<u>24,080</u>

CONTECHS TECHNICAL RESOURCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

9. Fixed asset investments

	Other fixed asset investments £
Cost	
At 1 January 2019	156,475
Additions	4,502
At 31 December 2019	<u>160,977</u>
Impairment	
Charge for the period	74,792
At 31 December 2019	<u>74,792</u>
Net book value	
At 31 December 2019	<u><u>86,185</u></u>
At 31 December 2018	<u><u>156,475</u></u>

CONTECHS TECHNICAL RESOURCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

10. Debtors

	2019 £	2018 £
Trade debtors	205,187	814,173
Amounts owed by group undertakings	1,683,678	2,301,771
Other debtors	-	42,453
Prepayments and accrued income	632,459	346,332
	2,521,324	3,504,729

11. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	868,444	996,461
	868,444	996,461

12. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,214,307	1,933,935
Amounts owed to group undertakings	-	4,560
Corporation tax	1,802	-
Other taxation and social security	343,256	557,493
Other creditors	72,618	86,599
Accruals and deferred income	205,138	323,895
	1,837,121	2,906,482

Included within other creditors is an amount of £23,185 (2018: £23,185) of secured loans.

CONTECHS TECHNICAL RESOURCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

13. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1,000 (2018 - 1,000) Ordinary shares of £1.00 each	1,000	1,000

14. Reserves

Profit and loss account

This reserve records retained earnings and accumulated losses.

15. Contingencies

The company has entered into an unlimited multilateral guarantee with HSBC with the other group companies to secure the invoice discounting facility, bank loans and overdrafts. The liabilities of the other group companies secured over the assets of the company total £6,153,809 (2018: £5,289,195).

16. Parent Company

The parent undertaking of the smallest group in which consolidated financial statements are prepared, which include this company, is Contechs Holdings Limited. The company's registered address is 2 Sable Court, Sylvan Way, Southfields Business Park, Basildon, Essex SS15 6SR.