Company Registration No. 06427770 (England and Wales)

HORN CUTTING TOOLS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

HORN CUTTING TOOLS LIMITED

COMPANY INFORMATION

Director	Mr A Vollmer
Secretary	Palmerston Secretaries Limited
Company number	06427770
Registered office	Palmerston House 814 Brighton Road Purley Surrey CR8 2BR
Auditor	Knox Cropper LLP Chartered Accountants and Statutory Auditor Office Suite 1 Haslemere House Lower Street HASLEMERE Surrey GU27 2PE
Bankers	HSBC Bank plc 75 High Street Sutton Surrey SM1 1DU

HORN CUTTING TOOLS LIMITED

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HORN CUTTING TOOLS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The director presents the strategic report for the year ended 31 December 2019.

Fair review of the business
2019 was a very positive year with growth in the aerospace, medical, oil & gas and the specialist automotive industries, which was surprising considering the ongoing uncertainty regarding Brexit.

We saw an increase of 0.83% overall over 2018 which is slightly distorted in that sales of Horn products to the UK market rose by 4% and Manufacturing decreased by 17.5%. The reduction in manufacturing was due to Horn GmbH reducing the orders to the UK, the reason being they were unsure about deliveries and hold ups at the border control if there was a No Deal Brexit.

With a normal supply of orders for manufacturing coupled with the UK sales we would have exceeded our 2019 target figure and ended the year on a more positive note.

The gross margin has shown a decrease from 50.24% to 42.33% as a result of a combination of an increasingly competitive market but also due to a significant theft of stock during the year. The cost impact of this theft resulted in a loss for the year. Turnover has increased by 0.83% on the previous year.

Administration expenditure increased by 2.3%. The majority of the increase in administrative expenses relates to payroll costs (£184k) and also travel and entertaining costs (£69k). Advertising costs decreased by £153k due to the bi-annual exhibition not taking place in 2019. Due to the continuing fluctuation in the Euro / GBP exchange rate there was an exchange gain of £36k in comparison to a loss of £35k in the prior year.

Stock levels at the year end have increased from the prior year due to concerns regarding the Brexit implications.

The company's liquidity continues to be good despite the net current assets decreasing by £0.8m and there is no concern about the company's ability to pay its liabilities as they fall due.
Overall the results for the year and the financial position at the year end were considered satisfactory by the director.

The current uncertainty regarding the worldwide issue of the coronavirus has affected the Horn group as a whole with various countries placed under lockdown reducing the ability to trade. However as these restrictions are lifted, despite an uncertain economic climate, the directors expect the company to continue to be profitable in the foreseeable future.

On behalf of the board

Mr A Vollmer
Director
21 August 2020

HORN CUTTING TOOLS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The director presents his annual report and financial statements for the year ended 31 December 2019.

Principal activities
The principal activity of the company continued to be that of the supply of precision cutting and boring engineering tools.

Director
The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr A Vollmer

Results and dividends
The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £646,718. The director does not recommend payment of a final dividend.

Future developments
It is anticipated that the company will continue to trade profitably through this uncertain economic period.

Auditor
In accordance with the company's articles, a resolution proposing that Knox Cropper LLP Chartered Accountants and Statutory Auditor be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr A Vollmer
Director

21 August 2020

HORN CUTTING TOOLS LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is 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.

HORN CUTTING TOOLS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HORN CUTTING TOOLS LIMITED

Opinion

We have audited the financial statements of Horn Cutting Tools Limited (the 'company') for the year ended 31 December 2019 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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 director is 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's 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 and the director's report.

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

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

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has 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: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HORN CUTTING TOOLS LIMITED

Use of our report

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

Mr Matthew Elkins FCA (Senior Statutory Auditor)
for and on behalf of Knox Cropper LLP Chartered Accountants and Statutory Auditor

21 August 2020

Chartered Accountants
Statutory Auditor

Office Suite 1
Haslemere House
Lower Street
HASLEMERE
Surrey
GU27 2PE

HORN CUTTING TOOLS LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	**3**	10,813,059	10,723,705
Cost of sales		(6,235,856)	(5,336,308)
Gross profit		4,577,203	5,387,397
Distribution costs		(73,228)	(99,784)
Administrative expenses		(4,766,121)	(4,661,189)
Other operating income		75,000	-
Operating (loss)/profit	**4**	(187,146)	626,424
Interest receivable and similar income	**6**	7,750	5,429
(Loss)/profit before taxation		(179,396)	631,853
Tax on (loss)/profit	**7**	23,301	(128,885)
(Loss)/profit for the financial year		(156,095)	502,968

The income statement has been prepared on the basis that all operations are continuing operations.

HORN CUTTING TOOLS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
(Loss)/profit for the year	(156,095)	502,968
Other comprehensive income	-	-
Total comprehensive income for the year	(156,095)	502,968

HORN CUTTING TOOLS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	**9**		397,389		384,938
Current assets					
Stocks	**10**	1,250,605		619,668	
Debtors	**11**	2,526,053		2,747,707	
Cash at bank and in hand		2,483,763		3,594,877	
		6,260,421		6,962,252	
Creditors: amounts falling due within one year	**12**	(3,076,520)		(2,961,508)	
Net current assets			3,183,901		4,000,744
Total assets less current liabilities			3,581,290		4,385,682
Provisions for liabilities	**13**		(9,469)		(11,048)
Net assets			3,571,821		4,374,634
Capital and reserves					
Called up share capital	**16**		10,000		10,000
Profit and loss reserves			3,561,821		4,364,634
Total equity			3,571,821		4,374,634

The financial statements were approved and signed by the director and authorised for issue on 21 August 2020

Mr A Vollmer
Director

Company Registration No. 06427770

HORN CUTTING TOOLS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital	Profit and loss reserves	Total
		£	£	£
Balance at 1 January 2018		10,000	3,861,666	3,871,666
Year ended 31 December 2018:				
Profit and total comprehensive income for the year		-	502,968	502,968
Balance at 31 December 2018		10,000	4,364,634	4,374,634
Year ended 31 December 2019:				
Loss and total comprehensive income for the year		-	(156,095)	(156,095)
Dividends	8	-	(646,718)	(646,718)
Balance at 31 December 2019		10,000	3,561,821	3,571,821

1 Accounting policies

Company information

Horn Cutting Tools Limited is a private company limited by shares incorporated in England and Wales. The principal place of business is 32 New Street, Ringwood, Hampshire, BH24 3AD

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the presentational currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Horn SA. These consolidated financial statements are available from its registered office, 19 Rue de Bitbourg L-1273 Luxembourg.

1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1 Accounting policies **(Continued)**

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

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	10% Straight line
Plant and machinery	20% Straight Line
Fixtures, fittings & equipment	15% Reducing Balance
Motor vehicles	25% Straight Line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Accounting policies **(Continued)**

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

A provision has been made for slow moving / obsolete stock.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1 **Accounting policies** **(Continued)**

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

1 Accounting policies **(Continued)**

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1 Accounting policies **(Continued)**

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019	2018
	£	£
Turnover analysed by class of business		
Sale of goods	10,813,059	10,723,705

	2019	2018
	£	£
Other significant revenue		
Interest income	7,750	5,429

	2019	2018
	£	£
Turnover analysed by geographical market		
Europe (not including Germany)	9,238,612	8,809,738
Germany	1,574,447	1,913,967
	10,813,059	10,723,705

4 Operating (loss)/profit

Operating (loss)/profit for the year is stated after charging/(crediting):	2019 £	2018 £
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(36,331)	35,593
Fees payable to the company's auditor for the audit of the company's financial statements	9,785	9,500
Depreciation of owned tangible fixed assets	102,459	108,469
Theft of stock	642,994	-
Operating lease charges	101,023	104,308

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019 Number	2018 Number
Manufacturing	25	25
Selling and Administration	26	27
Total	51	52

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	2,265,848	2,134,350
Social security costs	264,642	251,283
Pension costs	320,624	280,703
	2,851,114	2,666,336

6 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	7,008	4,608
Other interest income	742	821
Total income	7,750	5,429

7 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	(21,722)	129,858
Deferred tax		
Origination and reversal of timing differences	(1,579)	(973)
Total tax (credit)/charge	(23,301)	128,885

The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019	2018
	£	£
(Loss)/profit before taxation	(179,396)	631,853
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(34,085)	120,052
Tax effect of expenses that are not deductible in determining taxable profit	30,250	29,443
Permanent capital allowances in excess of depreciation	(17,887)	(19,637)
Other non-reversing timing differences	(1,579)	(973)
Taxation (credit)/charge for the year	(23,301)	128,885

8 Dividends

	2019	2018
	£	£
Interim paid	646,718	-

9 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2019	527,739	1,298,441	155,826	-	1,982,006
Additions	-	22,204	3,772	88,934	114,910
At 31 December 2019	527,739	1,320,645	159,598	88,934	2,096,916
Depreciation and impairment					
At 1 January 2019	294,584	1,230,655	71,829	-	1,597,068
Depreciation charged in the year	40,497	37,291	12,908	11,763	102,459
At 31 December 2019	335,081	1,267,946	84,737	11,763	1,699,527
Carrying amount					
At 31 December 2019	192,658	52,699	74,861	77,171	397,389
At 31 December 2018	233,155	67,786	83,997	-	384,938

10 Stocks

	2019	2018
	£	£
Finished goods and goods for resale	1,250,605	619,668

11 Debtors

	2019	2018
Amounts falling due within one year:	£	£
Trade debtors	2,067,218	2,604,645
Corporation tax recoverable	102,580	-
Amounts owed by group undertakings	136,789	-
Other debtors	54,319	61,926
Prepayments and accrued income	165,147	81,136
	2,526,053	2,747,707

12 Creditors: amounts falling due within one year

	2019	2018
	£	£
Payments received on account	41,937	-
Trade creditors	2,334,385	1,519,572
Amounts owed to group undertakings	-	695,109
Corporation tax	-	47,771
Other taxation and social security	486,937	501,519
Accruals and deferred income	213,261	197,537
	3,076,520	2,961,508

13 Provisions for liabilities

	Notes	2019	2018
		£	£
Deferred tax liabilities	14	9,469	11,048

14 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2019	Liabilities 2018
Balances:	£	£
Accelerated Capital Allowances	9,469	11,048

Movements in the year:	2019 £
Liability at 1 January 2019	11,048
Credit to profit or loss	(1,579)
Liability at 31 December 2019	9,469

The deferred tax liability set out relates to accelerated capital allowances.

15 Retirement benefit schemes

Defined contribution schemes	2019 £	2018 £
Charge to profit or loss in respect of defined contribution schemes	320,624	280,703

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

16 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
10,000 Ordinary Shares of £1 each	10,000	10,000

17 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	116,302	134,800
Between two and five years	300,547	287,704
	416,849	422,504

18 Related party transactions

The company has taken advantage of the exemption available in section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

19 Parent Company

The company is a wholly owned subsidiary undertaking of Horn S.A, a company incorporated in Luxembourg.

The smallest and largest group in which the results of Horn Cutting Tools Limited are consolidated is headed by Horn S.A. The consolidated accounts of this group are available to the public and may be obtained from the registered place of business and principal business address: 19 Rue de Bitbourg L-1273 Luxembourg.

The ultimate controlling party is Mr Lothar Horn.

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