Holders Technology plc
Annual Report & Accounts 2020

Specialised PCB Materials, Lighting and Control Solutions

Year in Brief

Holders Technology plc ("The Group") supplies specialty laminates and materials for printed circuit board manufacture ("PCB") and operates as a Lighting and Control Solutions ("LCS") provider.

The Group principally operates from the UK and Germany, with PCB divisions and LCS divisions in both countries. During the year, investments were also made in LCS joint ventures in the UK and Austria.

Revenue for all divisions was reduced by the economic consequences of the Covid-19 pandemic, particularly the LCS divisions. The companies have reduced costs whenever possible, and PCB divisions taken together remained profitable. However, the LCS divisions became loss making.

The directors will recommend payment of a final dividend of 0.25p per share, a total of 0.50p for the year (2019 total: 0.75p).

The results are summarised below.

Highlights

		2020 £'000	2019 £'000
Revenue	PCB	**7,314**	8,647
	LCS	**2,524**	3,515
	Group	**9,838**	12,162
Gross Margins	PCB	**24.4%**	24.3%
	LCS	**36.5%**	36.7%
	Group	**27.5%**	27.9%
Operating Profit/ (Loss)	PCB	**102**	230
	LCS	**(246)**	69
	Central costs	**(105)**	(155)
	Group	**(249)**	144
(Loss)/ profit before tax	Group	**(264)**	150
Tax (expense)/ credit		**-**	31
(Loss)/ profit after tax	Group	**(264)**	181
Basic (loss)/ earnings per share		**(6.25p)**	4.31p
Diluted (loss)/ earnings per share		**(6.25p)**	4.30p
Dividend paid & proposed		**0.50p**	0.75p
Cash		**1,113**	734

Contents

STRATEGIC REPORT

Chairman's Statement

The Group principally operates from the UK and from Germany, with a PCB division and an LCS division in each country. In addition, during the year investments were made in LCS joint ventures in the UK and Austria.

Inevitably the Group results were impacted by the economic consequences of the Covid-19 pandemic. We have reduced costs in the UK and Germany wherever possible, including salary reductions for higher paid employees, and making use of government support schemes where available.

Revenue for the year was £9.8m (2019: £12.2m), with gross margins of 27.5% (2019: 27.9%). The operating loss for the year was £249,000 (2019: operating profit of £144,000), and the loss after tax was £264,000 (2019: profit of £181,000).

The PCB divisions taken together had revenue of £7.3m (2019: £8.7m) and achieved an operating profit of £102,000 (2019: profit of £230,000). PCB gross margins increased from 24.3% to 24.4%. In both the UK and Germany, PCB revenues held up well in the first half but showed a material reduction in the second half of the year.

As reported last year, the LCS sales and technical team was strengthened in the second half of 2019. Despite the exceptional economic situation in 2020, this team was retained in anticipation of an improvement in market conditions in 2021. LCS revenues overall amounted to £2.5m (2019: £3.5m) with gross margins decreasing from 36.7% to 36.5% and there was an operating loss of £246,000 (2019: profit of £69,000).

Two new 50:50 joint ventures were set up in 2020 as follows:

- Holders Technology Austria GmbH is a joint venture with a sales partner based in Austria. The new company sells wireless lighting control solutions in Austria, Switzerland, Czechia, and Slovakia. The joint venture achieved breakeven in the period.

- Holders Technology Data Analytics Ltd was set up with a data analytics company in the Netherlands. The new company has developed a data analytics platform for smart lighting and building solutions. It will commence trading in 2021.

On behalf of the Board, I would like to record our thanks to our staff for their hard work during the exceptional conditions experienced in 2020. Given the outcome for the year, the Board recommends a final dividend of 0.25p in respect of the 2020 year.

The outlook for the first half of 2021 is more positive than the second half of 2020, with increased sales levels and order books. As for many similar companies however, sustained improvement is heavily dependent on a recovery in the wider economy during 2021.

R W Weinreich
Executive Chairman
19 February 2021

STRATEGIC REPORT

Operating and Business Review

Corporate strategy

The board seeks to enhance shareholder value over the medium to long term. Our strategy to achieve this is to focus resources on business activities which can generate profitable and sustainable growth.

In doing so, we ensure that risk is carefully managed, and that high standards of corporate governance and transparency are maintained. Where a suitable investment opportunity is identified, we invest within the bounds of internally generated cash flow and bank facilities.

Business strategy

The Group has operated for many years as a distributor of specialised and consumable materials to the PCB industry in the UK and continental Europe. The European PCB industry has strengths in the defence, aerospace, automotive and medical sectors.

The Group continues to pursue a PCB strategy based on dual positioning: both as a low-cost source of standard products used throughout the industry; and as an exclusive supplier of technically sophisticated products to the PCB sector.

The Group's LCS product activities range from the sale of lighting components to supporting customers with the design and assembly of complete light engines. LCS divisions also offer a complete ecosystem of wireless control solutions, as well as the provision of technical support and project services.

Our LCS capability has been enhanced recently with the establishment of a joint venture, Holders Technology Data Analytics Ltd, which offers data analytics for smart lighting and smart building solutions.

Our lighting and wireless controls strategy is to provide a competitive and complementary premium product range for our selected markets, enhanced by strong technical support, services and industry knowledge.

Overall, PCB operations provide a steady profitable revenue stream, and Lighting and Controls operations offer the opportunity for higher growth/ higher margin returns. In combination they also allow certain efficiency gains.

Market Overview

The economic impact of the Covid-19 pandemic affected the business segments differently.

PCB divisions in the first half of 2020 benefitted from increased demand for healthcare applications and a degree of stockpiling caused by global uncertainty. In the second half revenues were weaker.

LCS divisions were more immediately impacted by government restrictions. The UK division was particularly hard hit, by a combination of a recent increase in headcount and a higher proportion of project business than is the case in Germany.

PCB operations

UK

UK trading operations are based in Galashiels, Scotland. The PCB industry in the UK is oriented towards the aerospace and defence industries, both of which require a broad range of products.

Continental Europe

The German PCB industry is dominated by demand from the automotive and industrial sectors.

Lighting and Controls Solutions

LCS UK and Germany

The LCS UK and Germany divisions specialise in providing lighting and wireless controls solutions to Original Equipment Manufacturers (OEMs), as well as working closely with the lighting specification market.

Holders Technology Austria

In March 2020, a 50:50 joint venture was set up to sell wireless lighting control solutions to markets in Austria, Switzerland, Czechia and Slovakia.

Holders Technology Data Analytics

In October 2020, a 50:50 joint venture was set up to develop and offer data analytics for smart lighting and smart building solutions.

STRATEGIC REPORT

Operating and Business Review
(continued)

Conclusion

During 2020 we continued to invest in new products, equipment, and strong technical salespeople, as well as further developing our value-added services. We plan further investment in 2021 to broaden our sales and technical expertise and geographical coverage.

The outlook for the LCS divisions is encouraging, and these divisions have made a good start to the new financial year. Improvement for the PCB divisions taken together is heavily dependent on improvement in the wider German economy.

V.Blaisdell

Victoria Blaisdell
Group Managing Director
19 February 2021

STRATEGIC REPORT

Financial Review

Key performance indicators

The board believes that the following key performance indicators are of most significance to assessment of the Group's performance and financial position:

- Revenue

The turnover level is an important indication of the strength of the Group's product range and coverage.

- Profitability

Profitability is largely a function of the gross margins achieved and management's success in containing administrative expenses in relation to turnover.

- Liquidity

The Group operates in a cyclical industry and the directors have consistently adopted a conservative approach to financing the Group's activities. The key measure is net liquid funds, as described below.

- Efficiency

Production efficiency is important in a competitive PCB market.

Revenue

Group revenue from continuing operations decreased from £12.2m to £9.8m. Overall PCB revenue decreased by 15.4%, whilst Lighting and Controls revenue decreased by 28.2%.

Profitability

The operating loss was £249,000 compared to an operating profit of £144,000 in 2019. The gross profit margin was 27.5% compared to 27.9% in 2019. Administration costs decreased from £2.9m to £2.6m, however, administration costs as a proportion of revenue increased from 23.8% in 2019 to 26.0% in 2020. Administration costs in 2020 included income of £107,000 received from Covid-19 government support schemes (£51,000 UK and £56,000 Germany).

Post tax result

The loss for the financial year after tax, attributable to equity shareholders was £264,000 (2019: profit of £181,000). The basic loss per share was 6.25p (2019: 4.31p earnings per share) and the fully diluted loss per share was 6.25p (2019: 4.30p earnings per share).

Principal risks and uncertainties

The directors believe that the following are the principal risks and uncertainties faced by the Group:

- **Competition**

Both the PCB and Lighting and Controls sectors are highly competitive, and the Group faces competition from a wide range of companies. The Group continually seeks the most cost-effective sources for its products in order to remain competitive.

- **Customers**

The Group is exposed to the risk of bad debts. Within the major European markets, the Group uses credit analysis data to monitor customer risk levels and maintain appropriate credit limits. Credit insurance is used for UK and European customers whenever it is economically available.

- **Suppliers**

As with any distribution business, the Group is dependent on maintaining supply. The Group has diversified its product range and sources in order not to be overly dependent on any single supplier.

- **Key Management**

In order to ensure retention of key management, the Group offers competitive remuneration, a stimulating working environment and clear two-way communication.

- **Business Interruption**

In order to minimise the impact of business interruption, the Group offers dual capacity in UK and Germany, regularly maintains key machinery, and holds appropriate business interruption insurance.

- **Financial Control**

Internal controls and multiple authorisation levels, with monthly review of results and cash, are used to combat fraud and potential misstatement of results.

Financial Review (continued)

- **EU Trade Agreement**
  We do not currently foresee any significant impact on business arising from the new EU Trade agreement. However, some stock levels may change as a result of the re-importation of certain EU products back into the EU, which will now attract tariffs. The potential impact of this is currently difficult to quantify.

- **Covid-19**
  The Covid-19 pandemic has created risks in terms of market disruption and health risk to our workforce. The Group continues to follow government health advice in respect of the Covid-19 virus and has made use of government support in the UK and Germany where available.

Cash flow, liquidity and financing

The Group's cash position improved during the year. Cash balances increased from £734,000 to £1,113,000. The improvement mainly came from a reduction in working capital requirement arising from the overall 19.1% reduction in revenue.

The Group maintains overdraft and trade financing facilities with its banks to meet short term financing requirements during the year. An overdraft facility of £100,000 is in place, however this has not been needed nor used during the period under review. The trade financing facility is used for occasional letters of credit and duty deferment.

At 30 November 2020 the Group had net liquid funds (trade and other receivables plus cash minus current liabilities excluding lease liabilities) of £1.3m (2019: £1.2m). Net assets per ordinary share at 30 November 2020 were £0.95 (2019: £0.99).

Derivatives and other financial instruments

Operations are financed from retained profits. The Board's current policy is to use variable rate overdraft facilities in order to maintain short term flexibility.

The Group's financial instruments, other than forward currency contracts, comprise cash and items, such as trade receivables and payables that arise directly from its operations. The main purpose of these instruments is to provide finance for operations if necessary. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

Currency risk and exposure

The Group enters into forward currency contracts that are used to manage the currency risks arising from purchases from foreign suppliers where the products are sold in local currencies.

The overseas sales operations during the year were predominantly in the European Union. The Group has currency exposures primarily in US dollars and Euros. Although daily transactional exposures are regularly covered by forward contracts, the Group has an underlying exposure, particularly to the Euro. Currency contracts at the year-end are detailed in note 20.

Net assets

Net assets at the 2020 year-end were £3,999,000 (2019: £4,164,000). The decrease mainly came from the Group net loss of £264,000 minus £120,000 of exchange differences from Euro-based foreign operations.

Conclusion

The Group continues to benefit from a strong liquidity position, which leaves it well placed to benefit from future growth opportunities.

Group Finance Director
19 February 2021

STRATEGIC REPORT

The Strategic Report on pages 1-5 was approved by the Board on 19 February 2021 and signed on its behalf by

Paul Geraghty
Group Finance Director
19 February 2021

BOARD REPORTS

Company Information

Directors	R W Weinreich, Executive Chairman V M Blaisdell, BSc, Group Managing Director P K I Geraghty BSc, FCA, Group Finance Director D A Mahony, BA (Econ), MSc, Non-Executive Director
Secretary	P K I Geraghty BSc, FCA
Registered office	27-28 Eastcastle Street London W1W 8DH
Website	www.holdersgroup.com
Registered number	1730535
Auditors	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE
Bankers	HSBC North London Corporate Centre 1 Old Street London EC1V 9HL
Registrars	Neville Registrars Neville House Steelpark Road Halesowen West Midlands B62 8HD
Nominated Adviser and Broker	SP Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London W1S 2PP

BOARD REPORTS

Report of the Directors

Business review and future developments

A review of the year and likely developments is contained in the Strategic Report.

Results and dividends

The Group made a loss after taxation for the financial year attributable to shareholders of £264,000 (2019: profit £181,000).

Full details are contained in the Group income statement on page 23. The directors have proposed a final dividend of 0.25p per share payable on 1 June 2021 to shareholders on the register at close of business on 14 May 2021. The total dividend for the year, including the interim dividend of 0.25p (2019: 0.25p) per share paid on 6 October 2020, amounts to £21,000 (2019: £32,000), which is equivalent to 0.50p (2019: 0.75p) per share.

Financial risk management

Details of the Group's financial risk management are contained in note 4 to the financial statements.

Directors

The directors are listed on page 6. All directors served throughout the year. The beneficial shareholdings of the directors at 30 November 2020 are set out in note 24 to the financial statements.

Rudi Weinreich, aged 74, Chairman and Chief Executive, was born in Austria. He has been responsible for all aspects of the business since he started it in 1972.

Victoria Blaisdell, aged 48, joined the Group in 2004 and is now Group Managing Director. Prior to joining the Group, she worked in the IT industry for over 12 years and worked in several countries as a Senior Consultant for a large American telecom consulting company.

Paul Geraghty, aged 60, joined the Group in 2011 as Group Finance Director and Company Secretary. He previously held senior financial roles in engineering companies, including Elektron Components Limited and Protec plc.

David Mahony, aged 77, is the Senior and sole Non-Executive Director, appointed in 1988.

Substantial shareholdings

At 15 February 2021 the company had been informed of the following interests, in addition to the interests of R W Weinreich, amounting to 3% or more in the issued ordinary share capital of the company:

	Number	**%**
Andre Marcou	520,000	12.31%
Armstrong Investments Limited	275,000	6.51%
Rath Dhu Limited	235,000	5.56%
David Barry	231,000	5.47%
Charles Stanley & Co. Limited	210,000	4.97%
Stockinvest Limited	171,500	4.06%
Hugh S Pearson Gregory	161,290	3.82%

Report of the Directors (continued)

Annual General Meeting

The current intention, subject to government restrictions at the time, is for the Annual General Meeting of the Company to be held at the Dyrham Park Country Club, Galley Lane, Barnet EN5 4RA at 11.30 a.m. on 7 May 2021.

Special business at the Annual General Meeting

An ordinary resolution (set out as resolution 5 in the Notice of the Annual General Meeting) will be proposed to give the directors authority to allot 1,408,055 ordinary shares being approximately 33% of the issued ordinary share capital of the company as at the date of this report. The authority, when given, will expire at the conclusion of next year's annual general meeting. The directors have no present intention of exercising this authority.

A special resolution (set out as resolution 6 in the Notice of the Annual General Meeting) will be proposed to empower the directors to allot securities of the company up to a specified amount in connection with rights issues without having to obtain prior approval from shareholders on each occasion and also to allot a smaller number of these for cash without first being required to offer such shares to existing shareholders. The number of ordinary shares which may be issued for cash under the latter authority will not exceed 211,208 being approximately 5% of the issued ordinary share capital of the company as at the date of this report. The proposed power will expire at the conclusion of next year's Annual General Meeting.

A special resolution (set out as resolution 7 in the Notice of the Annual General Meeting) will be proposed to authorise the company to buy on the open market up to 422,416 ordinary shares of 10p each, representing 10% of the issued ordinary share capital of the company as at the date of this report, excluding treasury shares. The directors, in reaching any decision to purchase ordinary shares, will take into account the company's cash resources, capital requirements and the effect of any purchase on earnings per share.

Going Concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 5. The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on page 4. In addition, notes 2, 3, 4, 19 and 20 to the financial statements include the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and foreign exchange risk mitigation activities; and its exposures to credit risk and liquidity risk. Budgets and forecasts indicate a satisfactory going concern position.

The company enjoys a positive cash position, and benefits from a number of customers and suppliers across different geographic areas and industries. Management have prepared budgets and forecasts covering the period to May 2022. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook and therefore conclude it is appropriate to prepare the financial statements on a going concern basis.

The company has numerous financial resources, as shown in the financial statements, together with a number of customers and suppliers across different geographic areas and industries. The Board pursues a cautious strategy, combined with effective cost control in order to maintain a strong working capital position. Budgets and forecasts indicate a satisfactory going concern position. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook and therefore conclude it is appropriate to prepare the financial statements on a going concern basis.

Report of the Directors (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Report of the Directors 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 International Financial Reporting Standards as adopted by the European Union (IFRSs). 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 and profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors confirm that:

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

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 may differ from legislation in other jurisdictions.

Directors' indemnity arrangements

The company has purchased and maintained throughout the year directors' and officers' liability insurance in respect of its directors. The directors also have the benefit of the indemnity provision contained in the company's Articles of Association. These provisions, which are qualifying third party indemnity provisions as defined by the Companies Act, were in force since 30 April 2007, and are currently in force.

Auditors

Saffery Champness LLP are willing to continue in office as auditors of the company and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

P. Geraghty.

Paul Geraghty
Secretary

19 February 2021

Directors’ Remuneration Report

The directors present the directors’ remuneration report for the financial year ended 30 November 2020. As the company is listed on AIM, it does not have to comply with the requirements of the remuneration report contained in the listing rules.

Remuneration policy

The company policy is to design prudent executive remuneration packages to attract, motivate and retain directors of a high calibre and to reward them for enhancing value to shareholders. The determination of the annual remuneration packages of the senior executive directors and key members of senior management are undertaken as set out in the corporate governance report on page 13.

There are three main elements of the remuneration packages of the executive directors:

- Basic annual salary and benefits;
- Incentive schemes; and
- Pension arrangements.

The company believes that share option incentives encourage long term commitment to shareholder value and ensure that rewards for executive directors and senior managers are aligned with the interests of shareholders.

Contributions are made to the pension schemes of certain directors.

Executive directors may accept up to two external non-executive appointments, as long as these are not with competing companies and are not likely to lead to conflicts of interest. This policy is followed where such appointments would beneficially broaden experience and knowledge.

Executive directors’ remuneration and terms of appointment

Base salaries are reviewed annually and are set to reflect responsibilities, experience and marketability. Regard is also given to the level of rewards made in the year to staff. The mechanism for supervising the company share option scheme and the granting of options under it is set out in the corporate governance report on page 11.

None of the directors have service contracts with a notice period exceeding one year. Each director is entitled to contributions to personal pension schemes and certain benefits in kind, which include car allowance and private health insurance.

Non-executive director’s remuneration

The fees paid to the non-executive director are determined by the board. Non-executive directors are normally appointed for an initial period of three years. Appointments are made subject to retirement by rotation or removal under the company’s articles of association. The non-executive director does not participate in the company's option scheme.

Details of the directors’ remuneration, pension entitlements, shareholdings and share options are included in note 24 to the financial statements.

BOARD REPORTS

Section 172 Companies Act

As required by Section 172 of the UK's Companies Act, a director of a company must act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In doing this, the director must have regard, amongst other matters, to the following matters:

- likely consequences of any decisions in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers, and others;
- impact of the company's operations on the community and environment;
- the company's reputation for high standards of business conduct; and
- need to act fairly between members of the company.

Engagement with stakeholders and consideration of their respective interests in the Company's decision-making process took place during the year as described below:

Shareholders

During the year, the primary mechanism for engaging with shareholders in more depth was by meeting with the shareholders at the Annual General Meeting on 29 May 2020. On that date, the Covid-19 restrictions meant that shareholders were not permitted to attend the meeting in person. Shareholders were instead encouraged to submit any questions for the AGM by email in advance of the AGM. In addition, the board will propose a change to the company's articles to permit online attendance at future shareholders meetings.

Employees

We have an experienced, and dedicated workforce which we recognise as the key asset of our business. It is vital to the success of the Group to continue to create the right environment to encourage and create opportunities for individuals and teams to realise their full potential. The Board and management team pay close attention to employee feedback and seek to respond constructively to any suggestions or concerns raised.

Throughout the COVID-19 UK lockdown, regular update emails have been circulated and weekly employee video calls have been held. All employees, whether furloughed or not, were encouraged to attend and discuss anything which they wished to share. We have also introduced HR software that will ensure we have much greater data accuracy, increased control over data, improved efficiency, and a modern employee experience.

Customers

The Group ensures regular levels of contact and discussion at all levels of the organisations that it targets. We hold regular business reviews with larger customers, to discuss use of our solutions, address training or support needs and communicate the benefits of our new product features. The team has been progressing calls with remaining customers to assist in optimising product performance and to increase customer loyalty.

A key element in our relationships with our customer base has been to combine and integrate our customer data into a single CRM system (Capsule). In addition to direct contact, we have increased use of social media, to present new products and features. During the COVID-19 crisis we have tried to be flexible with payment terms where possible.

Suppliers

We operate in a way that safeguards against unfair business practices and encourages suppliers and contractors to adopt responsible business policies and practices for mutual benefit. We recognise that we must, where possible, integrate our business values and operations to meet the expectations of our stakeholders, including customers, suppliers, the community, and the environment. We use environmentally friendly suppliers where practical. We monitor all suppliers and subcontractors to ensure that they operate in accordance with agreed contract responsibilities and arrangements. An organisation and its external providers (suppliers, contractors, service providers) are interdependent and a mutually beneficial relationship enhances the ability of both to create value for our customers.

Section 172 Companies Act (continued)

Community and the environment

The Group tries to be a good corporate citizen, for example by:

- providing products to customers that improve energy efficiency;
- taking a flexible approach to home working for its employees where possible;
- moving towards a paperless office environment; and
- encouraging charitable donations to good causes.

Standard of business conduct

We recognise not only the need but also the desirability of operating to the highest standards of business conduct as this benefits all stakeholders. We seek to achieve this by:

- carefully adhering to our market abuse, privacy (including GDPR), anti-bribery, and other policies;
- encouraging a culture of openness so that any stakeholder can freely raise any concerns;
- actively enforcing our conflicts of interest policy; and
- making the conscious decision to observe not just the letter but also the spirit of the law in all our dealings with stakeholders.

Corporate Governance

CORPORATE GOVERNANCE REPORT

The QCA Code sets out 10 principles which it advocates should be applied. These are listed below together with a short explanation of how the Group applies each of the principles. Where the Group does not fully apply a principle, an explanation as to why has been provided.

Principle One: Business Model and Strategy

For each business unit the Board has adopted a strategy to promote long-term value for shareholders as outlined in the Operating and Business Review on pages 2 to 3.

Principle Two: Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communications and constructive dialogue with its shareholders. Institutional shareholders and analysts are welcome to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. Investors also have access to current information on the Company through its website, www.holdersgroup.com. Paul Geraghty, Group Finance Director is available in the first instance to respond to investor enquiries.

Principle Three: Stakeholder and Social Responsibilities

The Board recognises that the long-term success of the Group is reliant upon the efforts of the employees, customers and suppliers to the Group. The Board has put in place a range of processes and systems to ensure close contact with these key stakeholders is maintained. The Board also ensures that key relationships with customers and suppliers are the responsibility of one of the directors or the Divisional Managing Directors.

The Board at all times seeks to act in a legally compliant and socially responsible manner and also seeks to ensure that senior management act in a similar fashion.

Principle Four: Risk Management

The directors are responsible to the Board for ensuring both that procedures are in place, and that these are being effectively implemented so as to identify, evaluate and manage the risks faced by the Group. The nature of the risks and degree of exposure are reviewed periodically.

The following principal risks, and controls to mitigate them, have been identified:

Activity	Risk	Impact	Control(s)
Competition	Loss of revenue	Reduced profitability	Continually seek cost-effective products
Customers and Suppliers	Loss of major customer/ supplier	Reduction in profitability	Multiple-level contact. Reduce dependence on any one customer/ supplier. Regular review.
Key Manage-ment	Recruitment/ retention of key management	Reduced perfor-mance	Competitive short term and long-term remuneration and incentives. Stimulating environment with clear communication.
Business Interruption	Loss of operating capability.	Potential loss of business	Business interruption insurance. Dual capacity UK and Germany. Ongoing renewal and maintenance of machinery.
Financial Control	Fraud or misstatement of accounts	Financial loss	Multiple authorisation levels and internal controls. Segregation of duties. Monthly review of results and cash.

Corporate Governance (continued)

Principle Four: Risk Management (continued)

Activity	Risk	Impact	Control(s)
EU Trade	Additional costs	Reduced profitability	Revised stockholding UK v EU
Covid-19	Reduced demand, health risk to workforce.	Reduced profitability/ capacity	Make use of government advice and support

There are a range of Group policies which cover matters such as share dealing. The current Board takes the view that an internal audit function is not necessary or practical due to the size of the Group and the close day to day control exercised by the executive directors. However, the Board will continue to monitor the need for an internal audit function.

Principle Five: A Well-Functioning Board of Directors

The Board comprises:

- Executive Chairman Rudi Weinreich
- Group Managing Director Victoria Blaisdell
- Group Finance Director Paul Geraghty
- Non-executive Director David Mahony*

Currently the Group Managing Director and Group Finance Director are full time employees. The Executive Chairman and non-executive Director are part time employees, and the non-Executive Director David Mahony is a part time consultant. Biographical details of the current directors are set out within Principle Six below. At each Annual General Meeting, one-third of the Board members retire by rotation and offer themselves for re-election.

*David Mahony is deemed by the Board to be independent even though he has served on the Board since the company was floated on the Unlisted Securities Market in 1988. The Board believes that Mr Mahony's broad senior level experience enables him to be classed as independent.

The letters of appointment of all directors are available for inspection at the Company's Tweedbank office during normal business hours.

The Executive and Non-Executive Directors are bound by contracts which require no more than one year's notice. The Non-executive Director receives a fee for his services as a director which is approved by the Board, based upon the time commitment and responsibilities of his roles, of current market rates for comparable appointments, and within any constraints imposed by the current financial position of the Group. The Non-executive Director is also reimbursed for travelling and other incidental expenses incurred on Group business.

Directors' emoluments, including Directors' interest in share options over the Group's share capital, are set out in Note 24 of the 2020 Annual Report.

The Board meets each month. It has an established Audit Committee and a Remuneration Committee, particulars of which appear hereafter. The Board has resolved that any appointments to the Board are made by the Board as a whole and therefore a Nominations Committee has not been created.

Attendance at Board and Committee Meetings

The Board retains full control of the Group with day-to-day operational control delegated to Executive Directors. The full Board meets monthly and on other occasions as it considers necessary. During 2020 there were twelve Board meetings, one Remuneration Committee meeting and two Audit Committee meetings. All monthly meetings were fully attended by their constituent directors.

Principle Six: Appropriate Skills and Experience of the Directors

The Board currently consists of four directors. The Board believes that the Board composition is appropriate to provide the necessary skills, balance and experience for the needs of the company.

Board biographies:

- Rudi Weinreich, Executive Chairman, born in 1946 in Austria, was sole executive director of the Group until 1987. He has been responsible for all aspects of the business since the business commenced in 1972 and continues to be closely involved with all aspects of the Group.

Corporate Governance (continued)

Principle Six: Appropriate Skills and Experience of the Directors (continued)

- Victoria Blaisdell BSc, born in 1972, joined the Group in 2004 and is now the Group Managing Director. She previously worked in the IT industry and has worked in several countries as a Senior Consultant for one of the largest global IT consultancies.
- Paul Geraghty BSc, FCA, born in 1960, joined the Group in 2011 as Group Finance Director and Company Secretary. He previously held senior financial roles in engineering companies, including Elektron Components Limited and Protec plc.
- David Mahony BA (Economics), MSc, born in 1944, is the Senior Non-executive Director, appointed in 1988. He is also a Director of Tower Mint Limited. David spent thirty-five years with Hambros Bank in Corporate Finance and as an Industrial Advisor, during which time he was Chairman or Director of various PLC, AIM and Private companies.

Principle Seven: Evaluation of Board Performance

In 2021 the Board will strengthen its hitherto informal monitoring of individual directors' performance by instituting a formal system whereby the Chairman and non-executive director will formally meet to evaluate and record the performance of the executive directors whilst the executive directors will perform the same exercise in regard to the Chairman and any non-executive directors. This process of board evaluation will also examine issues relating to succession planning as necessary.

Principle Eight: Corporate Culture

The Board recognises the importance of appropriate ethical values and behaviour in relation to the Group's activities and encourages suitable behaviour and principles from employees and suppliers. These principles are set out in the company's Ethics Policy and the Board keeps a watching brief over its application.

The Company has adopted, for the Board and Senior Management, a Share Dealing Code in accordance with AIM Rule 21.

Principle Nine: Maintenance of Governance Structures and Processes

Ultimate authority for all aspects of the Group's activities rests with the Board. Rudi Weinreich is Executive Chairman of the Board, which sets the overall business strategy. Victoria Blaisdell is Group Managing Director responsible for the performance of the Group in line with its agreed business strategy.

The following matters are reserved for the Board:

- Senior appointments and remuneration
- Budget approval
- Acquisitions
- Major capital expenditure
- Major sales quotations and purchase orders
- Foreign exchange policy
- Significant legal, health and safety matters
- Stock exchange compliance and other corporate governance issues

Mr Weinreich when required acts in an Executive capacity, for example by deputising for the German Managing Director when necessary. The board recognises that his role is therefore not 100% independent however it believes that, given Mr Weinreich's unique skills and experience, this is a cost-effective beneficial arrangement for the size of the company.

In accordance with the Companies Act 2006, the Board complies with its duties: to act within its powers; to promote the success of the Company; to exercise independent judgement; to exercise reasonable care, skill and diligence; to avoid conflicts of interest; not to accept benefits from third parties and always to declare any interest in a proposed transaction or arrangement.

Corporate Governance (continued)

Principle Nine: Maintenance of Governance Structures and Processes (continued)

Audit Committee

For the period under review the Audit Committee comprised David Mahony. Paul Geraghty as Group Finance Director is invited to attend Audit Committee meetings when appropriate. The Audit Committee meets as required and specifically to review the Interim Report and Annual Report. There were two meetings of the Audit Committee during 2020. The Audit Committee also reviews the findings of the external auditor and reviews accounting policies and material accounting judgements.

The independence and effectiveness of the external auditor is reviewed annually. The possibility of undertaking an audit tender process is considered on a regular basis. The Audit Committee meets at least once per year with the auditor to discuss their independence and objectivity, the Annual Report, any audit issues arising, internal control processes, appointment and fee levels and any other appropriate matters. The fees in respect of audit services are set out in Note 7 of the Annual Report.

Remuneration Committee

For the period under review the Remuneration Committee comprised David Mahony. The purpose of the Remuneration Committee is to ensure that the Executive Directors and other employees are fairly rewarded for their individual contribution to the overall performance of the Group. The Committee considers and recommends to the Board the remuneration of the Executive Directors and is kept informed of the remuneration packages of senior staff and invited to comment on these. There was one Remuneration Committee meeting during 2020.

The Board retains responsibility for remuneration policy. Executive remuneration packages are designed to attract and retain executives of the necessary skill and calibre to run the Group. The Remuneration Committee recommends to the Board the remuneration packages by reference to individual performance, general market changes and any constraints imposed by the then financial position of the Group. The Remuneration Committee has responsibility for recommending the adoption of any long-term incentive schemes.

There are three main elements of the remuneration packages for Executive Directors and staff:

1. Basic salaries and benefits in kind: Basic salaries are recommended to the Board by the Remuneration Committee, considering the performance of the individual and the rates for similar positions in comparable companies. Certain benefits in kind are available to senior staff and Executive Directors.

2. Share options: The Company periodically operates an approved share option scheme for Executive Directors and certain other employees both to motivate those individuals through equity participation, and to align the interests of senior employees with those of shareholders. Exercise of share options under the schemes is subject to specified exercise periods and compliance with the AIM Rules. The schemes are overseen by the Remuneration Committee which recommends to the Board all grants of share options specifying the terms under which eligible individuals may be invited to participate.

3. Bonus Scheme: The Group has a discretionary bonus scheme for staff and Executive Directors which is specific to each individual and the role performed by that individual within the Group. Salaries and benefits were reviewed in November 2020 to cover the period to 30 November 2021. Future reviews will be held in November/ December each year for implementation from 1 December.

Principle Ten: Shareholder Communication

The Board is committed to maintaining good communication with its shareholders. All shareholders are encouraged to attend the Company's Annual General Meeting. Investors also have access to current information on the Company though its website, www.holderstechnology.com, and via Paul Geraghty, Group Finance Director, who is available to answer investor queries.

AUDITOR'S REPORT

Independent auditor's report to the members of Holders Technology plc

Opinion

We have audited the financial statements of Holders Technology PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 November 2020 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Statements of Changes in Equity, the Group and Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group and Company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of affairs of the group and of the parent company as at 30 November 2020 and of the group's loss for the period then ended;
- the Group and Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- 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 group and the parent 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 as applied to SME listed entities, 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 group's or parent 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report (continued)

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td><u>Going concern risk arising from Coronavirus pandemic</u>

In preparing the financial statements the directors are required to make an assessment of the group and company's ability to continue as going concerns. Coronavirus introduces uncertainties to this process for example, forecasting sales projections and cash recoveries plus a down in the revenue being generated.

The group has seen a decline in its trading activities resulting in a loss for the financial year ended 30 November 2020. The continued lockdown brings continued uncertainty to the trading of the group and company. The directors have continued to monitor the situation and have taken advantage of government schemes across the locations they operate in and implemented cost control methods which has meant that cash remains strong.

Going concern was considered to be a key audit matter because it is fundamental to the preparation of the financial statements, and in the current economic climate, it was an area assessed as one of the most significant areas to present a risk of material misstatement.</td><td>Our audit procedures included the following:
Reviewing detailed cash flow forecasts to support the going concern assumption and stress testing the forecasts under a range of scenarios
Reconciling the opening forecast position to the latest management accounts
Considering how the impact of Coronavirus has been factored into the forecasts including mitigating actions taken to reduce the impact and the timing of such measures
Assessing the disclosures in the financial statements regarding the impact of Coronavirus and the going concern status of the Group
Challenging inputs to forecasts including comparison with external data sources and market information
Considering the form of our audit opinion
Based on our procedures, we noted no material exceptions and considered management's key assumptions to be within reasonable ranges. We consider that the use of the going concern basis is reasonable.</td></tr>
</table>

Independent auditor's report (continued)

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td><u>Valuation and provisioning of stock</u>

Both the UK and German trading subsidiaries hold significant reserves of stock in order that they can satisfy customer orders promptly.

At 30 November 2020 the Group held stock with a carrying value of £2.34m. The value of the stock provision at the balance sheet date was £0.468m.

Stock valuation and provisioning was considered to be a key audit matter because of the materiality of the balance, and it was an area assessed as one of the most significant areas to present a risk of material misstatement, particularly within the PCB division of the group and company.</td><td>Our audit procedures included the following:
• Testing a sample of stock to ensure it is being held at the lower of cost and net realisable value.
• Attending the year end stock count to assess the systems for recording stocks in order to gain comfort over the stock quantities reported in the accounts.
• Reviewing management's stock provision and assessing the underlying assumptions for reasonableness. We also challenged managements assumptions to ensure these are in line with write off's experienced post year end.
• Reviewing the aging of stock lines for post year-end sales to ensure there are no issues from a provisioning perspective.
• Reviewing a sample of purchases and sales made around the year end to ensure cut off has been correctly applied

Based on our procedures, we noted no material exceptions and considered management's key assumptions to be within reasonable ranges. We consider that stock valuation and provisioning is reasonable.</td></tr>
<tr><td><u>Valuation of investments in subsidiaries</u>

The parent company holds investments in its subsidiary companies.

At 30 November 2020 the carrying value of investments in subsidiaries was £2.291m.

The valuation of investments in subsidiaries was considered to be a key audit matter because of the materiality of the balance on the parent company's balance sheet, and due to the current economic climate and tough trading conditions both subsidiaries find themselves in, it was an area assessed as one of the most significant areas to present a risk of material misstatement.</td><td>Our audit procedures included the following:
• Assessing whether the company's accounting policy for impairment of investments is in accordance with IAS 36
• Reviewing and challenging management's discounted cash flow forecasts for each of the subsidiary entities and assessing the underlying assumptions for reasonableness using sensitivity analysis
• Assessing historical forecasting by comparing this against actual results to test the accuracy of management's forecasting
• Comparing and challenging management's valuation of investments through the discounted cash flow prepared to determine their value with the amounts that they are held at on the balance sheet and considering the potential need for impairment

Based on our procedures, we noted no material exceptions and considered management's key assumptions to be within reasonable ranges. We consider that the valuation of investments in subsidiaries is reasonable.</td></tr>
</table>

Independent auditor's report (continued)

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our audit opinion. Our overall objective as auditor is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error. We consider a misstatement to be material where it could reasonably be expected to influence the economic decisions of the users of the financial statements.

We have determined a materiality of £99,000 for both the Group and the Company financial statements. This is based on 1% of Group revenue and 5% of Company net assets per draft financials at the planning stage.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Performance materiality was set at 80% of the above materiality level.

An overview of the scope of our audit

We tailored the scope of our audit to ensure that we obtained sufficient evidence to support our opinion on the financial statements as a whole, taking into account the structure of the Group and the company, the accounting processes and controls and the industry in which the Group operates.

As Group auditors we carried out the audit of the Company financial statements and, in accordance with ISA (UK) 600, obtained sufficient evidence regarding the audit of the Group's material German subsidiary, Holders Technology GmbH. We also performed a full scope audit of the Group's UK subsidiary, Holders Technology UK Limited. These subsidiaries were deemed to be significant to the Group financial statements due to their size. The Group audit team directed, supervised and reviewed the work of the component auditors in Germany, which involved issuing detailed instructions and holding discussions with component audit teams and performing a detailed remote file review. Audit work in Germany was performed at materiality levels of £60,000, lower than Group materiality.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumption and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

misstatement in the financial statements or a material misstatement of the other information. If, based on the work

Independent auditor's report (continued)

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 we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

In preparing the financial statements, the directors are responsible for assessing the group's and parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report (continued)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, 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.

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.

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.

Saffery Champness LLP

…………………………………..

Jamie Cassell (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

19 February 2021

Group Income Statement for the year ended 30 November 2020

	Note	2020 £'000	2019 £'000
Revenue	5	**9,838**	12,162
Cost of sales		**(7,135)**	(8,770)
Gross profit		**2,703**	3,392
Distribution costs		**(348)**	(419)
Administrative expenses		**(2,562)**	(2,890)
Other operating (expenses)/ income		**(42)**	61
Operating (loss)/ profit	7	**(249)**	144
Income from joint ventures		**1**	-
Finance income/ (expenses)	6	**(16)**	6
(Loss)/ profit before taxation		**(264)**	150
Tax credit	8	**-**	31
(Loss)/ profit for the year attributable to equity shareholders		**(264)**	181
Basic (loss)/ earnings per share	10	**(6.25p)**	4.31p
Diluted (loss)/ earnings per share	10	**(6.25p)**	4.30p

Group Statement of Comprehensive Income for the year ended 30 November 2020

	2020 £'000	2019 £'000
(Loss)/ Profit for the year	**(264)**	181
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**120**	(94)
Total comprehensive (loss)/ income for the year	**(144)**	87

Statements of Changes in Equity for the year ended 30 November 2020

Group	Share capital	Share premium account	Capital redemption reserve	Translation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30 November 2018	416	1,590	1	222	1,870	4,099
Dividends	-	-	-	-	(32)	(32)
Shares issued	6	-	-	-	-	6
Share based payments	-	-	-	-	4	4
Transactions with owners	6	-	-	-	(28)	(22)
Profit for the year	-	-	-	-	181	181
Exchange differences on translating foreign operations	-	-	-	(94)	-	(94)
Total comprehensive income for the year	-	-	-	(94)	181	87
Balance at 30 November 2019	422	1,590	1	128	2,023	4,164
Dividends	-	-	-	-	(21)	(21)
Transactions with owners	-	-	-	-	(21)	(21)
Loss for the year	-	-	-	-	(264)	(264)
Exchange differences on translating foreign operations	-	-	-	120	-	120
Total comprehensive (loss)/ income for the year	-	-	-	120	(264)	(144)
Balance at 30 November 2020	**422**	**1,590**	**1**	**248**	**1,738**	**3,999**

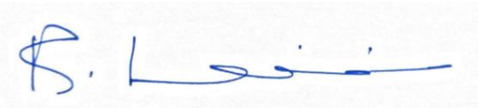
Company	Share capital	Share premium account	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 30 November 2018	416	1,590	1	420	2,427
Dividends	-	-	-	(32)	(32)
Shares issued	6	-	-	-	6
Share based payments	-	-	-	4	4
Transactions with owners	6	-	-	(28)	(22)
Loss and total comprehensive income for the year	-	-	-	(131)	(131)
Balance at 30 November 2019	**422**	**1,590**	**1**	**261**	**2,274**
Dividends	-	-	-	(21)	(21)
Transactions with owners	-	-	-	(21)	(21)
Loss and total comprehensive income for the year	-	-	-	(103)	(103)
Balance at 30 November 2020	**422**	**1,590**	**1**	**137**	**2,150**

Balance Sheets at 30 November 2020

Company number: 1730535		Group		Company	
	Note	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Assets					
Non-current assets					
Intangible fixed assets	12	381	394	-	-
Property, plant and equipment	13	560	237	-	-
Investments in subsidiaries	14	-	-	2,291	2,291
Investments in joint ventures	15	28	-	28	-
Deferred tax assets	22	12	12	-	-
		981	643	2,319	2,291
Current assets					
Inventories	16	2,340	2,530	-	-
Trade and other receivables	17	1,420	1,758	171	166
Current tax assets		-	-	-	-
Cash and cash equivalents		1,113	734	7	167
		4,873	5,022	178	333
Liabilities					
Current liabilities					
Trade and other payables	18	(1,274)	(1,280)	(347)	(350)
Lease liabilities	19	(105)	-	-	-
Current tax liabilities		-	-	-	-
		(1,379)	(1,280)	(347)	(350)
Net current assets		3,494	3,742	(169)	(17)
Non-current liabilities					
Retirement benefit liability	21	(223)	(212)	-	-
Lease liabilities	19	(244)	-	-	-
Deferred tax liabilities	22	(9)	(9)	-	-
		(476)	(221)	-	-
		3,999	4,164	2,150	2,274
Shareholders' equity					
Share capital	23	422	422	422	422
Share premium account	23	1,590	1,590	1,590	1,590
Capital redemption reserve	23	1	1	1	1
Retained earnings		1,738	2,023	137	261
Cumulative translation adjustment reserve		248	128	-	-
		3,999	4,164	2,150	2,274

Parent Company Income Statement
As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £103,000 (2019: loss £131,000).

The financial statements were approved by the Board on 19 February 2021 and signed on its behalf by:



R W Weinreich
Director

Statements of Cash Flows for the year ended 30 November 2020

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cash flows from operating activities				
(Loss)/ Profit before tax from continuing operations	(264)	150	(103)	(131)
Share-based payment charge	-	4	-	4
Depreciation	292	74	-	2
Decrease in inventories	284	237	-	-
Decrease/ (Increase) in trade and other receivables	385	(140)	(5)	328
(Decrease)/ Increase in trade and other payables	(50)	92	(3)	(22)
Interest (income)/ expense	16	(6)	(1)	(15)
Cash generated from/ (used in) operations	663	411	(112)	166
Income from investments	(1)	-	(1)	-
Interest paid	(16)	(8)	-	-
Net cash generated from/ (used in) operations	646	403	(113)	166
Cash flows from investing activities				
Purchase of property, plant, and equipment	(25)	(42)	-	-
Investment in Joint Venture	(27)	-	(27)	-
Proceeds from sale of property, plant, and equipment	-	1	-	-
Interest received	-	-	1	15
Net cash (used in)/generated from investing activities	(52)	(41)	(26)	15
Cash flows from financing activities				
Sale of shares	-	6	-	6
Repayment of leases	(213)	-	-	-
Equity dividends paid	(21)	(32)	(21)	(32)
Net cash used in financing activities	(234)	(26)	(21)	(26)
Net change in cash and cash equivalents	360	336	(160)	155
Cash and cash equivalents at start of period	734	403	167	11
Effect of foreign exchange rates	19	(5)	-	1
Cash and cash equivalents at end of period	1,113	734	7	167

Notes to the Financial Statements

1. General information

Holders Technology plc, a public company limited by shares, is registered in England and Wales under the Companies Act.

These consolidated financial statements are presented in pounds sterling and all information has been rounded to the nearest thousand pounds. Foreign operations are consolidated in accordance with the policies set out in note 2 below.

2. Accounting policies

Basis of preparation

The Group and parent company financial statements have been prepared in accordance with EU endorsed International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act applicable to companies reporting under IFRS. All accounting standards and interpretations issued and adopted by the EU by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee effective at the time of preparing these financial statements have been applied.

The Group and parent company financial statements have been prepared under the historical cost convention with the exception of forward currency contracts which are carried at fair value. A summary of the significant Group accounting policies adopted in the preparation of the financial statements is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Change in accounting policies

IFRS16 Leases has been applied in 2020 for the first time without comparative restatement of 2019 results. The impact on the Group was to increase the loss by £8,000. Further details of IFRS16 are set out below. No other new standards have been first time adopted, which have had a material impact on results.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 5. The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on page 4. In addition, notes 2, 3, 4, 20 and 25 to the financial statements include the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and foreign exchange risk mitigation activities; and its exposures to credit risk and liquidity risk.

During the year under review, the company made use of government support where available in response to the Covid-19 pandemic. Budgets have been revised as a result of the 2020 loss making result.

The company has numerous financial resources, as shown in the financial statements, together with a number of customers and suppliers across different geographic areas and industries. The Board pursues a cautious strategy, combined with effective cost control in order to maintain a strong working capital position. Budgets and forecasts indicate a satisfactory going concern position. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook and therefore conclude it is appropriate to prepare the financial statements on a going concern basis.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Standards and Interpretations to Standards not yet effective

The following Standards and Interpretations have been issued, but are not yet effective and have not been early adopted by the Group:

- Conceptual Framework and references to Conceptual Framework (Effective 1 January 2020)
- Amendments to IFRS3 Business Combinations (Effective 1 January 2020)
- Amendments to IAS 1 and IAS 8 Definition of Material (Effective 1 January 2020)
- Interest Rate Benchmark Reform (Effective 1 January 2020)
- Covid-19 Related Rent Concessions (Effective 1 June 2020)
- Interest Rate Benchmark Reform Phase 2 (Effective 1 January 2021)
- Updating a reference to a Conceptual Framework (Effective 1 January 2022)
- PPE Proceeds before Intended Use (Effective 1 January 2022)
- Onerous Contracts Cost of Fulfilling a Contract (Effective 1 January 2022)
- Annual Improvements 2018-2020 Cycle (Effective 1 January 2022)
- Classification of Liabilities as Current or Non-Current (Effective 1 January 2023)

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group except for additional disclosures when the relevant standard comes into effect. The group's revenues normally comprise items where parties, products, prices and ownership transfers are very unambiguous.

IFRS 16 Leases

The Group has adopted IFRS 16 for the first time with effect from 1st December 2019. IFRS 16 removes the distinction between operating and finance leases, requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases other than short-term or low value leases. Right-of-use assets are depreciated over the lease term.

The Group applied IFRS 16 using the modified retrospective approach permitted under the standard without restatement of comparative information. The group elected not to reassess whether a contract is or contains a lease at the date of initial application. The Group has leases relating to its premises, a coil cutting machine, and 3 cars. An incremental borrowing rate of 2.5% was assumed for all of these assets.

One motor vehicle, on a short-term lease, has been disclosed as an operating lease using the practical expedient permitted under the standard.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Critical judgements and key estimates and assumptions are disclosed in note 3.

Principles of consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries. Intra-Group transactions, including sales, profits, receivables, and payables, have been eliminated in the Group consolidation.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Subsidiaries
Subsidiaries are entities controlled by the company. Control is achieved where the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through the power over the investee. The financial statements of subsidiaries are included from the date that control commences until the date that control ceases. In the parent company accounts investments and long-term loans to subsidiaries are initially recorded at cost. The investment value is subsequently recorded at cost less any impairment value.

Joint Ventures
Joint ventures are entities in which the company has a significant shareholding, but it does not have control of the entity. Joint ventures are accounted for using the equity accounting method whereby the investment is initially recorded at cost. The company's share of any subsequent profit or loss is recorded thereafter as an increase or decrease in the investment value with a matching income or expense figure shown separately on the income statement.

Goodwill and business combinations
The results of subsidiaries acquired in the period are included in the income statement from the date they are acquired. On acquisition, all of the subsidiaries' assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. For business combinations occurring since 1 December 2009, the requirements of IFRS 3R have been applied. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values. Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately. As permitted by IFRS 1, goodwill arising on acquisitions before 1 December 2005 (date of transition to IFRS) has been frozen at the UK GAAP amounts subject to being tested for impairment at that date.

Impairment charges
The company considers at each reporting date whether there is any indication that assets are impaired. If so, the company carries out an impairment test by measuring an asset's recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Goodwill, which is allocated to individual cash generating units, is reviewed annually for impairment. Value in use represents the present value of the future cash flows expected to be derived from the cash generating unit. The present value is discounted using a pre-tax rate that reflects current market assessments of the time value of money and of the risks specific to the cash generating unit for which future cash flow estimates have not been adjusted. If the recoverable amount is less than the carrying amount an impairment loss is recognised, and the asset is written down to its recoverable amount.

Revenue recognition
Revenue recognition is in accordance with IFRS 15. IFRS 15 requires that a 5-step, principles-based model should be applied to all contracts with customers. Revenue arises principally from the sale of specialised materials and finished goods. There is also an element of amount of commissioning revenue.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

- Sales of specialised materials and finished goods are for a fixed price which is recognised when the Group transfers control of the assets to the customer. Invoices for goods fall due for settlement upon dispatch to the customer, the customer has full discretion over the use of the components and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Transfer of control does not occur until the risks of obsolescence and loss have been transferred, and either the products have been accepted in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- Sales of commissioning services are recognised depending on the substance and legal form of the contracts with its customers. Revenue is recognised once a legally binding contract between the Group and its customers has been established and the delivery of the service including support and maintenance has commenced. Revenues are recognised as each element of commissioning service is invoiced in line with the contract, with associated costs for labour and subsistence accrued for as necessary.

Financial instruments

The Group has adopted IFRS 9 which became effective on 1 January 2018. Financial assets and financial liabilities are recognised in the Group's Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. Examples of the Group's financial instruments include:

- Cash and cash equivalents
- Trade and other receivables
- Trade and other payables
- Derivative financial instruments
- Equity instruments
- Right-of-use assets
- Lease liabilities

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. The company considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management system are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and other receivables

The Group's trade receivables do not carry a significant financing element as defined by IFRS 15. Therefore, trade receivables are recorded initially and throughout the life of the receivable, at fair value less an amount equal to lifetime expected credit losses ("ECL").

Trade and other payables

Trade and other payables are not interest bearing and are initially stated at fair value and subsequently measured at amortised cost using the effective interest rate.

Derivative financial instruments

The Group uses derivative financial instruments to mitigate its exposure to foreign exchange risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the income statement.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of directly attributable issue costs.

Property, plant, equipment, and software
The cost of items of property, plant, equipment and software is its purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated to write off assets over their expected useful lives. Where there is evidence of impairment, property, plant and equipment is written down to the recoverable amount. Depreciation is calculated at the following rates:

Leasehold building improvements	Over the period of the lease
Motor vehicles	20% on either cost or written down value
Plant and machinery	20% - 33% on either cost or written down value
Office equipment	25% on cost
Computer software	10% on cost

Methods of depreciation, recoverable amounts and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Provision is made against the carrying value of items of property, plant and equipment where impairment in value is deemed to have occurred.

Inventory
Inventory is stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal. Where necessary, provision is made for obsolete, slow-moving and defective inventory.

Foreign currencies
Transactions in foreign currencies are translated at the exchange rate ruling at the date of each transaction. Foreign currency monetary assets and liabilities are retranslated using the exchange rates at the balance sheet date. Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the original transaction.

In the consolidated financial statements, the net assets of the Group's foreign operations are translated at the rate of exchange at the balance sheet date. Income and expense items are translated at the average rates for the period where these rates approximate to actual rates. Otherwise actual rates are used. The resulting exchange differences are charged/ credited to other comprehensive income and recognised in the currency translation reserve in equity. Such translation differences are recognised in the income statement on the disposal of the foreign operation. All other currency differences are taken to the income statement. Profit and losses on holding foreign currency balances are treated as a finance cost.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Taxes

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates that have been enacted or substantively enacted by the balance sheet date.
Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured using the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the asset is realised, or the liability settled. Deferred tax is not discounted.

Provision is not made for deferred tax on the unremitted earnings of foreign subsidiaries where such remittances are not considered probable as the Group's policy is to reinvest profits to fund growth locally. Provision is made where it is likely that dividends will be remitted within the foreseeable future.

A deferred tax asset is recognised only when it is probable that suitable taxable profits will be available in the foreseeable future from which the reversal of the temporary differences can be deducted.

Employee share option scheme

The fair value of employee share plans is calculated using an appropriate actuarial model. In accordance with IFRS 2 the resulting cost is charged to the income statement over the vesting period of the plans, with a corresponding credit to retained earnings. The value of the charge is adjusted to reflect the expected and the actual levels of options vesting. The proceeds received, net of any directly attributable transaction costs, are credited to share capital and share premium when the options are exercised. At the balance sheet date, no share options were in issue.

Pension contributions

The Group does not operate a pension scheme. Pension costs relate to Group contributions to the personal pension schemes of certain directors and employees. The contributions are recognised as an employee benefit expense when they are due. There is also a retirement benefit liability arising from an asset purchase of Cimatec GmbH as disclosed in note 21. The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the accounting period less the fair value of plan assets, together with adjustments for past-service costs. Independent actuaries annually calculate the defined benefit obligation. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Dividends payable

Distributions to equity holders are disclosed as a component of the movement in shareholders' equity. A liability is recorded for a final dividend when the dividend is approved by the company's shareholders, and, for an interim dividend, when the dividend is paid.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Treasury shares

When the company purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of tax), is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued, or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the company's equity holders.

Government Support Income

Government support income has been made available to help businesses affected by the economic situation arising from the Covid-19 pandemic. The company has made use of such schemes in the UK and Germany and the income has been recognised as a credit against the relevant cost under administrative expenses.

3. Critical accounting judgements and key sources of estimation uncertainty

Critical judgement in applying the Group's accounting policies

Stock Provision

Provisions are made for slow moving, excess, and obsolete stock. Each stock line across the Group is reviewed, and consideration is given to current inventory, historic sales, purchasing history, sales orders on hand, potential obsolescence, and market factors. The review takes place quarterly, and changes in provisions are reviewed to highlight opportunities for improved accuracy.

Estimation uncertainty

Impairment testing

Impairment testing of goodwill and investment in subsidiaries involves comparing the carrying value of an asset with its value in use, based upon a discounted cash flow model. This model involves making assumptions involving future revenues and profits as well as long-term growth rates and the appropriate discount rate. Further details are set out in note 12. Management is not aware of any probable scenarios that would require changes in its key estimates, and lead to impairment. The key assumption impacting the value in use is the revenue forecast.

4. Financial risk management

Treasury management

Group treasury policies are reviewed and approved by the board. The objectives of Group treasury policies are to ensure that adequate financial resources are available for development of the business while at the same time managing financial risks. Derivative financial instruments are used to reduce financial risk exposures arising from the Group's business activities and not for speculative purposes.

The Group Finance Director manages the Group's treasury activities and reports to the board thereon. The Group's business activities expose it to a variety of financial risks that include:

- Liquidity risk;
- Credit risk;
- Cash flow interest rate risk; and
- Currency risk.

Notes to the Financial Statements (continued)

4. Financial risk management (continued)

The policies for managing these risks are described below:

Liquidity risk

The Group finances its operations through a combination of bank borrowings, leases and cash generated from operations. The Group's treasury policy aims to ensure that there are sufficient funds available to meet the projected cash flow requirements in the business plan.

The Group's principal source of funding is cash generated from operations. Liquidity is maintained through committed bank credit facilities (note 20).

Credit risk

Credit risk on trade receivables is managed by monitoring the amount and duration of exposures to individual customers depending on their credit rating. Where possible, trade receivables are insured. The amounts of trade receivables presented in the balance sheet are net of allowances for doubtful accounts based on expected credit losses as required by IFRS 9.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are high credit quality financial institutions.

The Group has no significant concentration of credit risk, with exposure spread over a large number of customers and counterparties.

Currency risk

The Group is exposed to currency risk through movements in exchange rates on its purchases and sales that are not denominated in the local functional currencies. The Group uses forward foreign exchange contracts to mitigate the currency risk associated with these transactions, where material exposure exists. The contracts are denominated primarily in US dollars, Japanese Yen and Euros. Such contracts are accounted for in accordance with the policies set out in note 2. At the year-end forward purchase contracts totalling £154,000 were held as described in note 20.

Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk on bank borrowings, which are arranged at floating rates. The board monitors the overall level of bank debt and interest costs to limit any adverse effects on the financial performance of the Group. The Group does not use interest rate swaps to reduce its exposure to interest rate fluctuations at the present time.

Fair value estimation

The fair values of cash and cash equivalents, receivables, payables, and borrowings with a maturity of less than one year approximate their book values.

Notes to the Financial Statements (continued)

5. Segment reporting

The group has four operating subsidiaries: PCB UK, PCB Germany, LCS UK and LCS Germany. Both PCB divisions have very similar products, processes, customers, distribution means and margins. Strategic and operational decisions are normally made on the basis that together they comprise one "PCB" reportable segment. The same is true of the "LCS" divisions, which have many common characteristics. The two reported segments are therefore:

- PCB, comprising PCB UK and PCB Germany, distributes materials, equipment and supplies to the PCB industry
- LCS, which distributes Lighting and Controls-related components, lighting products and lighting solutions. This comprises LCS UK and LCS Germany.

	PCB		LCS		Other		Total	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000
Revenue	**7,314**	8,647	**2,524**	3,515	**-**	-	**9,838**	12,162
Cost of sales	**(5,531)**	(6,546)	**(1,604)**	(2,224)	**-**	-	**(7,135)**	(8,770)
Gross profit	**1,783**	2,101	**920**	1,291	**-**	-	**2,703**	3,392
Distribution costs	**(298)**	(336)	**(50)**	(83)	**-**	-	**(348)**	(419)
Administrative expenses	**(1,338)**	(1,588)	**(1,113)**	(1,149)	**(111)**	(153)	**(2,562)**	(2,890)
Other operating income/ (expenses)	**(45)**	53	**(3)**	10	**6**	(2)	**(42)**	61
Segment operating profit/ (loss)	**102**	230	**(246)**	69	**(105)**	(155)	**(249)**	144
Other segmental information								
Depreciation (Note 13)	**279**	62	**13**	11	**-**	2	**292**	75
Segment assets	**6,841**	6,810	**2,104**	1,743	**(3,091)**	(2,888)	**5,854**	5,665
Segment liabilities	**(1,319)**	(1,553)	**(3,793)**	(3,117)	**3,257**	3,169	**(1,855)**	(1,501)

"Other" amounts relate to central Group activities, which are not identifiable to the operating segments.

Analysis of external revenue by geographic region

	UK		EU		Rest of World		Total	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000
Revenue - PCB	**1,270**	1,377	**4,695**	5,598	**1,349**	1,672	**7,314**	8,647
- LCS	**1,107**	1,789	**1,385**	1,625	**32**	101	**2,524**	3,515
	2,377	3,166	**6,080**	7,223	**1,381**	1,773	**9,838**	12,162
Non-current assets	**330**	440	**651**	191	**-**	12	**981**	643

UK revenues originate from UK which is where the UK segments are domiciled. EU and Rest of World revenues originate from Germany which is where the operating segments are domiciled. Over 90% of Rest of World revenues are from European countries outside the EU. No customer contributed more than 10% of external revenue.

Notes to the Financial Statements (continued)

6. Finance income and expenses

	2020 £'000	2019 £'000
Interest income on tax liability	-	14
Interest expense on lease liability	(10)	-
Interest expense on pension liability	(6)	(8)

7. Loss/ profit for the year

The following items have been included in arriving at the loss/ profit for the year:

	2020 £'000	2019 £'000
Costs of inventories recognised as an expense	7,066	8,809
Write-down of inventory to net realisable value	20	121
Amortisation of intangible fixed assets (note 12)	17	18
Depreciation of property, plant and equipment (note 13)	275	75
Staff costs	2,159	2,329
Directors' emoluments	172	279
Government support income	(107)	-
Fees payable to the company's auditors for the audit of the financial statements	22	24
Fees payable to the company's auditors for other services:		
- Audit of the financial statements of the company's subsidiaries	40	40
Operating leases - land and buildings	-	185
Foreign exchange loss/ (gain)	37	(34)

8. Taxation

Analysis of the charge in the period	2020 £'000	2019 £'000
Current tax		
- Current period	-	-
- Credit adjustment in respect of prior years	-	(29)
	-	(29)
Deferred tax charge/ (credit) (note 22)	-	(2)
Total tax	-	(31)

Tax reconciliation

The tax for the period is lower (2019: lower) than the standard rate of corporation tax in the UK, effectively 19.0% (2019: 19.0%) for the company's financial year. The differences are explained below:

	2020 £'000	2019 £'000
(Loss)/ profit before taxation	(264)	150
Profit/ (loss) before taxation multiplied by the rate of corporation tax in the UK of 19.0% (2019: 19.0%)	(50)	29
Effects of:		
Adjustment from prior years	-	(29)
Taxation losses	50	(31)
Taxation	-	(31)

Notes to the Financial Statements (continued)

9. Profit of the parent company for the financial year

The result for the financial year dealt with in the accounts of the parent company was a loss of £103,000 (2019 loss: £131,000).

As permitted by Section 408 of the Companies Act 2006, no separate income statement is presented in respect of the parent company.

10. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. The weighted average number of treasury shares is deducted from the number of shares issued in arriving at the weighted average number of shares outstanding during the period.

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. Potentially dilutive ordinary shares are those share options granted to employees where the exercise price is less than the average market price of the company's ordinary shares during the period, and where exercise would decrease earnings per share or increase loss per share from continuing operations.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below:

	2020 Number	2019 Number
Weighted average number of ordinary shares	4,224,164	4,199,735
Dilutive effect of share options	-	7,464
Fully diluted weighted average number of ordinary shares	4,224,164	4,207,199

	2020 Pence per share	2019 Pence per share
Basic earnings per share:		
Continuing operations	(6.25)	4.31
Diluted earnings per share:		
Continuing operations	(6.25)	4.30

11. Ordinary dividends

	2020 £'000	2019 £'000
Final dividend for the year ended 30 November 2019 of 0.25p (year ended 30 November 2018 final dividend: 0.50p)	10	21
Interim dividend paid in respect of the year of 0.25p (2019: 0.25p)	11	11
Amounts recognised as distributions to equity holders	21	32

The directors propose a final dividend in respect of the year ended 30 November 2020 of 0.25p per share. If approved by shareholders, it will be paid on 1 June 2021 to shareholders registered on 14 May 2021.

Notes to the Financial Statements (continued)

12. Intangible fixed assets

Group	Goodwill £'000	Computer software £'000	Total £'000
Cost			
At 1 December 2018	**424**	**196**	**620**
Currency translation	(4)	(8)	(12)
At 30 November 2019	**420**	**188**	**608**
Currency translation	6	10	16
At 30 November 2020	**426**	**198**	**624**
Depreciation			
At 1 December 2018	**106**	**98**	**204**
Currency translation	(4)	(4)	(8)
Provided in year	-	18	18
At 30 November 2019	**102**	**112**	**214**
Currency translation	6	6	12
Provided in year	-	17	17
At 30 November 2020	**108**	**135**	**243**
Net book value			
At 30 November 2020	**318**	**63**	**381**
At 30 November 2019	**318**	**76**	**394**

Analysis by cash generating unit	£'000	£'000	£'000
PCB	146	63	209
Lighting and Controls	172	-	172
	318	63	381

As permitted by IFRS 1, goodwill arising on acquisitions before 1 December 2005 (date of transition to IFRS) has been frozen at the UK GAAP amounts subject to being tested for impairment at that date, the results of which assessment indicated no such impairment.

Under UK GAAP, goodwill of £239,000 arising on acquisitions prior to 1 July 1998 was eliminated directly against reserves. The gain or loss on the disposal of a previously acquired business reflects the attributable amount of purchased goodwill in respect of that business. As the Group has opted not to restate business combinations prior to the date of transition, the goodwill written off to reserves under UK GAAP has been frozen and remains in reserves. Goodwill previously written off to reserves is not written back to the income statement on subsequent disposal.

The recoverable amount of a cash-generating unit is based on its value-in-use. Value-in-use is the present value of the projected cash flows of the cash-generating unit (CGU). The key assumptions regarding the value-in-use calculations are those regarding the discount rates and growth rates. Management estimates discount rates using pre-tax rates that reflect current market assessments of a number of factors that impact on the time value of money and any risk specific to the CGU. The rate includes management's assessment of a normal level of debt: equity ratio within similar companies in its sector and reflects the risks specific to the relevant business segment.

Notes to the Financial Statements (continued)

12. Intangible fixed assets (continued)

The Group prepares three-year cash flow forecasts based on the latest financial budgets approved by management. The model includes the impact of expected changes in stock levels, anticipated capital expenditure, tax costs, and dividends. Terminal values are calculated using a growth rate approximating the long-term average growth rates for the product sectors concerned. The growth rates were assessed at 1.5% for PCB Germany and 2.5% for LCS UK. The discount rate applied for PCB and LCS was 2.5%.

13. Property, plant, and equipment

	Group			Company	
	Short leasehold land and buildings	Motor vehicles, plant and machinery, office equipment	Total	Office equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 30 November 2018	**92**	**2,075**	**2,167**	**62**	**62**
Currency translation	-	(36)	(36)	-	-
Additions	-	42	42	-	-
Disposals	-	(593)	(593)	-	-
At 30 November 2019	**92**	**1,488**	1,580	**62**	**62**
Currency translation	-	44	44	-	-
At 1 December 2019 - restated for IFRS 16 right-of-use assets	284	244	528	-	-
Additions	-	61	61	-	-
Disposals	-	-	-	-	-
At 30 November 2020	**376**	**1,837**	**2,213**	**62**	**62**
Depreciation					
At 30 November 2018	**92**	**1,816**	**1,908**	**60**	**60**
Currency translation	-	(30)	(30)	-	-
Provided in year	-	57	57	2	2
Disposals	-	(592)	(592)	-	-
At 30 November 2019	**92**	**1,251**	**1,343**	**62**	**62**
Currency translation	-	35	35	-	-
Provided in year	171	104	275	-	-
Disposals	-	-	-	-	-
At 30 November 2020	**263**	**1,390**	**1,653**	**62**	**62**
Net book value					
At 30 November 2020	**113**	**447**	**560**	**-**	**-**
At 30 November 2019	**-**	**237**	**237**	**-**	**-**

Notes to the Financial Statements (continued)

14. Investments in subsidiaries

	At Cost £'000
Cost	
At 1 December 2018	2,291
At 1 December 2019	2,291
At 30 November 2020	**2,291**

The following subsidiary undertakings were included in the consolidated financial statements at the year end.

Name	Registered office	Nature of business	Interest in ordinary shares & voting rights
Holders Technology GmbH	Woogmorgen 12, 67272 Kirchheimbolanden, Germany	Specialised materials and components	100%
Holders Technology UK Limited	27-28 Eastcastle Street, London W1W 8DH, UK	Specialised products and components	100%
Holders Components Limited	Monkwood Cottage, Whitakers Way, Loughton IG101SQ, UK	Dormant	100%
Opteon Limited	Monkwood Cottage, Whitakers Way, Loughton IG101SQ, UK	Dormant	100%

15. Investments in Joint Ventures

	At Cost £'000
Cost	
At 1 December 2018	-
At 1 December 2019	-
Additions during year	28
At 30 November 2020	**28**

The following joint venture investments were included in the consolidated financial statements at the year end.

Name	Registered office	Nature of business	Interest in ordinary shares & voting rights
Holders Technology Austria GmbH	A-6073 Sistrans, Austria	Intelligent lighting products	50%
Holders Technology Data Analytics Limited	27-28 Eastcastle Street, London W1W 8DH, UK	Data Analytics products	50%

16. Inventories

	Group		Company	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Raw materials and consumables	**1,080**	1,120	**-**	-
Goods for resale	**1,728**	1,878	**-**	-
Stock provision	**(468)**	(468)	**-**	-
	2,340	2,530	**-**	-

Notes to the Financial Statements (continued)

17. Trade and other receivables

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Trade receivables	1,311	1,532	-	-
Less: provision for impairment	(10)	(18)	-	-
Net trade receivables	1,301	1,514	-	-
Amounts due from Group u/takings	-	-	149	151
Other receivables	6	13	-	3
Prepayments and accrued income	113	231	22	12
	1,420	1,758	171	166

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables, as these to not have a significant financing component. The expected lifetime credit losses reflect assumptions on the ageing of overdue debts that may become unrecoverable, equivalent to a Group rate of 0.8% (2019: 1.2%). The provision is based upon historical observed default rates, adjusted for an assessment of the current economic environment. All trade receivables more than 365 days overdue are provided for except where monies have been received after the reporting date. The Group also provides for all other specifically identified amounts less than 365 days overdue based on known impairment indicators including known trading difficulties.

Group	2020 £'000	2019 £'000
Impairment at 1 December	18	31
Impairment losses recognised	(4)	10
Amounts written off as irrecoverable	-	(7)
Amounts recovered	-	(16)
Impairment losses reversed	(1)	-
Balance 30 November	13	18

Ageing of past due unimpaired debt:	2020 £'000	2019 £'000
Past due 0-30 days	217	326
Past due 31-60 days	26	34
Past due 61-90 days	12	-
Past due 91-365 days	1	-
	256	360

18. Trade and other payables

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Trade payables	467	436	10	10
Amounts due to Group undertakings	-	-	307	295
Other taxation and social security	243	212	-	-
Other payables	52	150	-	-
Accruals	512	482	30	45
	1,274	1,280	347	350

Notes to the Financial Statements (continued)

19. Lease liabilities

IFRS 16 has been applied for the first time from 1st December 2019, and this standard changes how the Group accounts for leases. Previously, under IAS 17, operating leases were not recorded on-balance sheet, they were instead recorded as off-balance sheet capital commitments.

Applying IFRS 16 for all leases, the Group now recognises right-of-use assets and liabilities on the balance sheet, initially measured at the present value of future lease payments. Under IFRS 16 the Group also recognises depreciation of right-of-use assets and interest on lease liabilities in the income statements, whereas previously under IAS 17 operating leases gave rise to a straight-line expense.

Transition to IFRS 16

The application of IFRS 16 resulted in the recognition, on 1 December 2019, of £528,000 of right-of-use assets and the corresponding recognition of £528,000 of lease liabilities, as shown in Note 13. There was no impact on net assets or retained reserves.

The table below shows a reconciliation from the off-balance sheet lease commitments previously disclosed as at 30 November 2019 to the on-balance sheet lease liabilities recognised at 1 December 2019 under IFRS 16, and the movements in the lease liability during the subsequent financial year.

	Land & Buildings £'000	Plant & Machinery £'000	Motor Vehicles £'000	**Total £'000**
At 30 November 2019	280	236	23	539
Currency translation	4	8	-	12
Lease terminated	-	-	(23)	(23)
At 1 December 2019	**284**	**244**	**-**	**528**
Additions during year	-	-	36	36
Lease payments	(167)	(40)	(6)	(213)
At 30 November 2020	**117**	**204**	**30**	**351**

Lease liabilities at 30 November 2020 are presented on the balance sheet as below:

	Land & Buildings £'000	Plant & Machinery £'000	Motor Vehicles £'000	**Total £'000**
Current liabilities	53	41	11	105
Non-current liabilities	64	162	18	244
At 30 November 2020	**117**	**203**	**29**	**3**

Notes to the Financial Statements (continued)

20. Financial instruments

a) The carrying amount and fair value of financial assets and liabilities at 30 November

	Group		Company	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Financial assets				
Cash and cash equivalents	**1,113**	734	**7**	167
Trade and other receivables	**1,307**	1,527	**149**	154
Loans and receivables at amortised cost	**2,420**	2,261	**156**	321
Financial liabilities				
Trade and other payables	**1,031**	1,068	**46**	55
Financial liabilities at amortised cost	**1,031**	1,068	**46**	55
Derivatives	**-**	-	**-**	-
Liabilities at fair value through profit and loss	**-**	-	**-**	-
Net financial assets	**1,389**	1,193	**110**	266

The carrying value of the Group's financial assets and liabilities are considered to approximate their respective fair values. The value of foreign exchange forward contracts has not been included.

b) Interest rate and currency profile of financial assets and liabilities

Currency profiles of the Group's financial assets and liabilities are set out below:

	Group			Company		
	Financial assets £'000	**Financial liabilities £'000**	**Net financial assets / (liabilities) £'000**	**Financial assets £'000**	**Financial liabilities £'000**	**Net financial assets / (liabilities) £'000**
Sterling	**1,006**	**196**	**810**	**123**	**34**	**89**
Euro	**904**	**668**	**236**	**32**	**12**	**20**
US dollar	**510**	**167**	**343**	**1**	**-**	**1**
At 30 November 2020	**2,420**	**1,031**	**1,389**	**156**	**46**	**110**
Sterling	1,181	191	990	105	53	52
Euro	1,001	753	248	216	2	214
US dollar	79	124	(45)	-	-	-
At 30 November 2019	**2,261**	**1,068**	**1,193**	**321**	**55**	**266**

All the Group's financial assets and liabilities are non-interest bearing or have floating interest rates. There are no fixed rate financial assets. Floating rate financial assets earn interest at rates based on local bank deposit rates. Floating rate financial liabilities bear interest at rates based on the Bank of England Base Rate or relevant national equivalents.

Notes to the Financial Statements (continued)

20. Financial instruments (continued)

c) Currency profile of net foreign currency monetary assets and liabilities

The table below shows the net monetary assets/(liabilities) of the Group that are not denominated in the functional currency of the operating unit and which therefore give rise to exchange gains and losses in the income statement.

	Group			Company		
	Euro £'000	US dollar £'000	Total £'000	Euro £'000	US dollar £'000	Total £'000
Sterling At 30 November 2020	**236**	**343**	**579**	**20**	**1**	**21**
Sterling At 30 November 2019	248	(45)	203	214	-	214

d) Market risk: objectives, policies, and strategies

The Group's interest rate risks, liquidity risks and currency risks are managed centrally within policies approved by the board.

No mitigation of interest rates using interest rate swaps has been undertaken. The net interest receivable for the year was nil compared to nil receivable last year. No speculative transactions are undertaken. At present, forward foreign exchange contracts are only used to hedge the value of anticipated purchase orders to be placed in foreign currencies.

e) Market risk: sensitivities

A sensitivity analysis for financial assets and liabilities affected by market risk is set out below. Each risk is analysed separately and shows the sensitivity of financial assets and liabilities when a certain parameter is changed. The sensitivity analysis has been performed on balances at 30 November each year and therefore is not representative of transactions throughout the year. The rates used are based on historical trends and, where relevant, projected forecasts.

(i) Currencies

The Group is exposed to currency risk in relation to the value of its financial assets and liabilities that are denominated in currencies other than sterling (see note 20(b) above), arising from fluctuations in exchange rates. The table below shows the impact on the value of the Group's reported net financial assets at 30 November of exchange rates either strengthening or weakening by 10 per cent against sterling and the impact this would have on the reported profit or loss and equity. The Group's reported profit is not materially impacted by the effect of changes in exchange rates on the value of its net financial assets, but equity would be £235,000 lower if sterling strengthened by 10 per cent and £287,000 higher if sterling weakened by 10 per cent.

Notes to the Financial Statements (continued)

20. Financial instruments (continued)

Group

2020

Net financial assets/(liabilities)	As reported	Effect of sterling strengthening by 10% Rate +10%	Profit	Equity	Effect of sterling weakening by 10% Rate -10%	Profit	Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Denominated in sterling	810	-	-	-	-	-	-
Not denominated in sterling	579	(53)	(3)	(235)	64	4	287
Net financial assets	1,389	(53)	(3)	(235)	64	4	287

2019

Net financial assets/(liabilities)	As reported	Effect of sterling strengthening by 10% Rate +10%	Profit	Equity	Effect of sterling weakening by 10% Rate -10%	Profit	Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Denominated in sterling	990	-	-	-	-	-	-
Not denominated in sterling	203	(18)	(21)	(222)	23	26	272
Net financial assets	1,193	(18)	(21)	(222)	23	26	272

Company

2020

Net financial assets/(liabilities)	As reported	Effect of sterling strengthening by 10% Rate +10%	Profit	Equity	Effect of sterling weakening by 10% Rate -10%	Profit	Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Denominated in sterling	89	-	-	-	-	-	-
Not denominated in sterling	21	(2)	(2)	-	2	2	-
Net financial assets	110	(2)	(2)	-	2	2	-

2019

Net financial assets/(liabilities)	As reported	Effect of sterling strengthening by 10% Rate +10%	Profit	Equity	Effect of sterling weakening by 10% Rate -10%	Profit	Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Denominated in sterling	52	-	-	-	-	-	-
Not denominated in sterling	214	(19)	(19)	-	24	24	-
Net financial assets	266	(19)	(19)	-	24	24	-

Notes to the Financial Statements (continued)

20. Financial instruments (continued)

(ii) Interest rates

Changes in market interest rates expose the Group to the risk of fluctuations in the cash flow relating to its financial assets and liabilities that attract interest at floating rates (see note 20(b)). Based upon the interest rate profile of the Group's financial assets and liabilities as at both 30 November 2020 and 30 November 2019, there would be no material impact of a one percentage point change in the market interest rates on the Group's profit and equity.

f) Liquidity risk

The Group monitors its liquidity to maintain a sufficient level of undrawn debt facilities together with central management of the Group's cash resources to minimise liquidity risk. All the trade and other payables at 30 November 2020 amounting to £1,031,000 (2019: £1,068,000) are payable within three months.

Borrowing facilities

The Group has various borrowing facilities available to it. The unutilised portion of the facilities at 30 November 2020 amounted to £100,000 (2019: £100,000).

g) Credit risk

Group policies are aimed at minimising losses due to customer payment default. Deferred payment terms are only granted to those customers who satisfy creditworthiness criteria and individual exposures to customers are monitored. Where possible, operations purchase credit insurance.

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region is as follows:

	Group		Company	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
UK	**635**	704	**121**	104
Rest of Europe	**672**	823	**28**	50
At 30 November	**1,307**	1,527	**149**	154

h) Capital risk

The Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and proposed dividend policy. It aims to minimise any capital risk by maintaining a conservative financing structure. The board's current policy is to use the Group's cash resources for any capital requirements and, where necessary, by adjustment to the value of dividends paid to shareholders.

i) Exchange rate instruments

The Group held forward exchange contracts to a value of £154,000 at 30 November 2020 (2019: £89,000). When appropriate during the year, contracts were taken out to mitigate trade payables denominated in foreign currencies. The fair value of these instruments was £(4,000) (2019: £nil).

Notes to the Financial Statements (continued)

21. Retirement benefit liability

Group	Retirement benefit liability £'000
At 1 December 2018	204
Currency translation	(6)
Change in actuarial assumptions	9
Utilised	5
At 1 December 2019	212
Currency translation	8
Change in actuarial assumptions	-
Utilised	3
At 30 November 2020	223

The retirement benefit liability arose from the 2002 acquisition of assets by Holders Technology GmbH from Cimatec GmbH. Following the bankruptcy of Cimatec GmbH, a German court determined that Cimatec's pension obligation to one former Cimatec employee must be met by Holders Technology GmbH. The provision represents the estimated net present value of the liability to pay an annuity to that employee upon retirement, which began in 2008. The assumptions are: discount rate 0.73%, salary increase 0.0%, rate of pension increase (every 3 years) 5.25%.

No other Holders Technology employees have any retirement benefit rights from their previous employment at Cimatec.

22. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using tax rates of 19.0% to 30.0% (2019: 19.0% to 30.0%). The movement on the deferred tax asset account is as shown below:

	Group		Company	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
At 1 December – net deferred tax assets	**3**	1	**-**	-
Income statement credit/(charge)	**-**	2	**-**	-
At 30 November	**3**	3	**-**	-

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below:

Deferred tax assets

Group	Pension liability £'000	Total £'000
At 1 December 2018	10	10
Credited to income statement	2	2
At 30 November 2019	12	12
Charged to income statement	-	2
At 30 November 2020	**12**	**12**

Notes to the Financial Statements (continued)

22. Deferred tax (continued)

At the year end the amount of temporary differences associated with the undistributed earnings of overseas subsidiaries for which deferred tax liabilities had not been recognised was insignificant. Deferred tax assets are only recognised where in the Directors' opinion there is a reasonable expectation of the tax asset being realised. Assets are recognised based on business forecasts and the local tax environment.

Deferred tax liabilities

Group	Accelerated capital allowances £'000
At 1 December 2018	9
Transfer from income statement	-
At 30 November 2019	9
Transfer from income statement	-
At 30 November 2020	**9**

The Company had no deferred tax assets or liabilities.

23. Share Capital

	2020 £'000	2019 £'000
Authorised		
6,000,000 ordinary shares of 10p each (2019: 6,000,000)	**600**	600

	Number of shares
Allotted and fully paid ordinary shares of 10p each	
At 30 November 2019 and 30 November 2020	**4,224,164**

Other Reserves

	2020 £'000	2019 £'000
Share premium account	**1,590**	1,590
Capital redemption reserve	**1**	1

The Share Premium Account is the excess amount received for shares issued over their nominal value.

The Capital Redemption Reserve is the cumulative nominal value of own shares acquired by the company.

Notes to the Financial Statements (continued)

24. Employees and staff costs

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Wages and salaries	1,747	1,902	153	209
Social security costs	300	331	19	21
Other pension costs	112	126	72	73
Share based payments	-	-	-	-
	2,159	2,359	244	303

Average monthly number of permanent employees, including executive directors:

Group	2020 Number	2019 Number
Administration and sales	32	24
Service and fabrication	24	27
	56	51
Part-time	2	1
	58	52

Directors' remuneration

Directors' remuneration for the year was as follows:

Company	Basic salary fees, bonuses and expenses	Benefits in kind	Total emoluments	
			2020	2019
	£'000	£'000	£'000	£'000
R Weinreich (Chairman)	12	6	18	22
V Blaisdell	63	-	63	134
P Geraghty	73	3	76	68
T Bray	-	-	-	37
D Mahony	15	-	15	18
	163	9	172	279

Pension entitlement

Directors are entitled to receive their remuneration either as salary or as pension contributions. Pension contributions to directors' personal pension schemes are as follows:

Pension Contributions	2020 £'000	2019 £'000
V Blaisdell	38	24
P Geraghty	34	51
T Bray	-	1
	72	76

Notes to the Financial Statements (continued)

24 Employees and staff costs (continued)

Directors' shareholdings

The shareholdings of those serving at the end of the year were as follows:

	Ordinary shares 2020	2019
R Weinreich	1,900,202	1,871,202
D Mahony	20,000	20,000
V Blaisdell	34,102	34,102

The shareholdings are all beneficial.

Directors' interests in share options

	At start of year or on date of appointment	No. of options exercised or lapsed during year	At end of year	Minimum Threshold	Maximum Threshold	Exercise price	Date from which exercisable	Expiry date
V Blaisdell	120,000	(120.000)	-	41.25p	100.00p	10.0p	27/03/20	27/03/21
P Geraghty	100,000	(100,000)	-	41.25p	100.00p	10.0p	27/03/20	27/03/21
	220,000	(220,000)	-					

The share price at 30 November 2020 was 37.5p (2019: 42.0p) whilst during the year the high and low prices were 45.0p and 31.5p.

Key management compensation

Group	2020 £'000	2019 £'000
Short-term employee benefits	457	522
Post-employment benefits	77	81
Termination benefits	-	-
Share-based payments	-	-
	534	603

Key management includes Directors and senior executives.

Total share options in issue

	2020 No	2019 No
Total options in issue 1 December	220,000	370,000
Issued during year	-	-
Exercised	-	(150,000)
Forfeited	(220,000)	-
Leavers	-	-
Total options in issue 30 November	-	220,000

At the year-end no share options were exercisable.

Notes to the Financial Statements (continued)

25. Share based payments

The Company previously operated a share option scheme under which a variable number of options were exercisable at a price of 10p. The number of options available at this price was determined by the average share price for the 20 days preceding the first exercise date. If this average share price equalled or exceeded the maximum threshold shown in Note 24, then 100% of the options could be exercised. If the average share price was below the maximum threshold, then the number of options available was reduced pro rata.

Options to subscribe for ordinary shares of 10p each were as follows:

Subscription Price	Dates when exercisable	Number of shares 2020	2019
41.25p	27 March 2020 to 27 March 2021	-	220,000

The estimated fair values were calculated using the option pricing model with the following inputs:

Grant date	27 March 2018
Share price at date of grant	37.50
Exercise price	41.25
No. of employees	2
Shares under option	220,000
Vesting period (years)	3
Expected volatility	13%
Option life (years)	3
Expected life (years)	3.5
Risk free rates	0.0%
Expected dividends	1.6%
Possibility of ceasing employment before vesting	10.0%
Expectations of meeting performance criteria	75%
Fair value of option	3p

The expected volatility is based on historical volatility over the expected life period. The expected life is the average expected period to exercise based on historical experience and the terms of the scheme. The risk-free return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life. The Group recognised £nil charge (2019: £4,000 charge) related to equity-settled share-based payment transactions during the year.

Notes to the Financial Statements (continued)

27. Financial commitments

Capital commitments

As at 30 November 2020 the group had capital commitments for plant and machinery totalling £nil (2019: £236,000).

28. Related party transactions

Group

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

Dividends were paid to directors as follows:	2020 £'000	2019 £'000
R W Weinreich	10	14
D A Mahony	-	-
V M Blaisdell	-	-
	10	14

Company

The company carried out the following transactions with its subsidiaries and joint venture:

	2020 £'000	2019 £'000
Consultancy fees charged to subsidiaries and joint venture	237	297
Interest on short term loans	1	15

FINANCIAL STATEMENTS

FIVE-YEAR SUMMARY

	2020	2019	2018	2017	2016
	£'000	£'000	£'000	£'000	£'000
Group revenue – continuing	**9,838**	12,162	12,486	12,208	10,698
Group revenue – discontinued				50	682
Gross profit	**2,703**	3,392	3,266	3,205	2,660
Distribution costs	**(348)**	(419)	(422)	(438)	(385)
Administrative expenses	**(2,562)**	(2,890)	(2,696)	(2,695)	(2,539)
Restructuring costs and impairment charges	**-**	-	-	-	(116)
Other operating income	**(42)**	61	36	(7)	119
Group operating profit/ (loss)	**(249)**	144	184	65	(261)
Income from investments	**1**	-	-	-	-
Finance income	**-**	6	-	-	3
Finance expenses	**(16)**	-	(7)	(11)	(7)
Profit/ (loss) before taxation from continuing operations	**(264)**	150	177	54	(265)
Tax credit/ (expense)	**-**	31	(8)	5	(17)
Profit/ (loss) after tax from continuing operations	**(264)**	181	169	59	(282)
Loss from discontinued operations	**-**	-	-	(42)	(113)
Profit/ (loss) for the year attributable to equity shareholders	**(264)**	181	169	17	(395)
Earnings per share – continuing business					
Earnings per share – basic	**(6.25p)**	4.31p	4.06p	1.42p	(9.72p)
Earnings per share - diluted	**(6.25p)**	4.30p	4.03p	1.34p	(9.72p)
Dividends per share in respect of each year	**0.50p**	0.75p	0.75p	0.50p	0.50p
Equity attributable to shareholders of the parent	**3,999**	4,164	4,099	3,932	3,860