

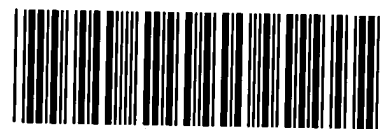
**Registered number: 00600170**

## **Kenard Engineering (Tewkesbury) Limited**

**Directors' report and financial statements**

**For the year ended 31 March 2017**

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## **Kenard Engineering (Tewkesbury) Limited**

### **Company Information**

#### **Directors**

R R Ellis  
K J Ellis  
A J Patterson

#### **Company secretary**

K J Ellis

#### **Registered number**

00600170

#### **Registered office**

Green Street Green Road  
Dartford  
Kent  
DA1 1QE

#### **Independent auditor**

Kreston Reeves LLP  
Statutory Auditor & Chartered Accountants  
Montague Place  
Quayside  
Chatham Maritime  
Chatham  
Kent  
ME4 4QU

#### **Bankers**

Barclays Bank Plc  
PO Box 449  
Dartford  
Kent  
DA1 1FE

# **Kenard Engineering (Tewkesbury) Limited**

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## **Kenard Engineering (Tewkesbury) Limited**

### **Directors' report**

**For the year ended 31 March 2017**

The directors present their report and the financial statements for the year ended 31 March 2017.

### **Directors' responsibilities statement**

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

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

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

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### **Principal activity**

The company's principal activity continues to be precision engineering.

### **Directors**

The directors who served during the year were:

R R Ellis

K J Ellis

A J Patterson (appointed 19 October 2016)

K J Ellis will retire by rotation and being eligible offers himself for re-election at the forthcoming Annual General Meeting.

### **Disclosure of information to auditor**

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

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

**Kenard Engineering (Tewkesbury) Limited**

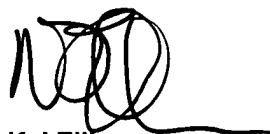
**Directors' report (continued)  
For the year ended 31 March 2017**

**Auditor**

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

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

This report was approved by the board on 4<sup>th</sup> September 17 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'K J Ellis', with a long horizontal flourish extending to the right.

**K J Ellis**  
Secretary

## **Kenard Engineering (Tewkesbury) Limited**

### **Independent auditor's report to the shareholders of Kenard Engineering (Tewkesbury) Limited**

We have audited the financial statements of Kenard Engineering (Tewkesbury) Limited for the year ended 31 March 2017, set out on pages 5 to 21. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

#### **Respective responsibilities of Directors and Auditor**

As explained more fully in the directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter 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 directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

## **Kenard Engineering (Tewkesbury) Limited**

### **Independent auditor's report to the shareholders of Kenard Engineering (Tewkesbury) Limited (continued)**

#### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies' exemption from the requirement to prepare a strategic report.



David Turner FCCA (senior statutory auditor)

for and on behalf of  
**Kreston Reeves LLP**

Statutory Auditor  
Chartered Accountants

Chatham Maritime

4 September 2017

# Kenard Engineering (Tewkesbury) Limited

## Statement of comprehensive income For the year ended 31 March 2017

	Note	2017 £	2016 £
Turnover		7,120,062	6,082,930
Cost of sales		(5,703,450)	(4,882,244)
<b>Gross profit</b>		<b>1,416,612</b>	<b>1,200,686</b>
Distribution costs		(146,783)	(138,828)
Administrative expenses		(1,195,757)	(1,302,425)
<b>Operating profit/(loss)</b>	4	<b>74,072</b>	<b>(240,567)</b>
Interest payable and expenses		(52,013)	(44,073)
<b>Profit/(loss) before tax</b>		<b>22,059</b>	<b>(284,640)</b>
Tax on profit/(loss)	7	-	6,198
<b>Profit/(loss) for the financial year</b>		<b>22,059</b>	<b>(278,442)</b>

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 8 to 21 form part of these financial statements.



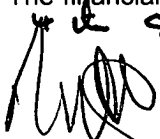
**Kenard Engineering (Tewkesbury) Limited**  
**Registered number: 00600170**

**Balance sheet**  
**As at 31 March 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	8	1,045,137	1,185,334
		<u>1,045,137</u>	<u>1,185,334</u>
<b>Current assets</b>			
Stocks	9	1,260,918	1,437,550
Debtors: amounts falling due within one year	10	1,678,696	1,829,393
Cash at bank and in hand	11	22,388	16,954
		<u>2,962,002</u>	<u>3,283,897</u>
Creditors: amounts falling due within one year	12	(3,146,363)	(3,513,697)
<b>Net current liabilities</b>		<u>(184,361)</u>	<u>(229,800)</u>
<b>Total assets less current liabilities</b>		<u>860,776</u>	<u>955,534</u>
Creditors: amounts falling due after more than one year	13	(150,859)	(267,676)
<b>Net assets</b>		<u><u>709,917</u></u>	<u><u>687,858</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	2,155,234	2,155,234
Share premium account		6,072	6,072
Profit and loss account		(1,451,389)	(1,473,448)
		<u><u>709,917</u></u>	<u><u>687,858</u></u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

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

  
**R R Ellis**  
 Director

  
**K J Ellis**  
 Director

The notes on pages 8 to 21 form part of these financial statements.

# **Kenard Engineering (Tewkesbury) Limited**

## **Statement of changes in equity For the year ended 31 March 2017**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£	£
At 1 April 2016	2,155,234	6,072	(1,473,448)	687,858
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	22,059	22,059
<b>Total comprehensive income for the year</b>	-	-	22,059	22,059
<b>Total transactions with owners</b>	-	-	-	-
<b>At 31 March 2017</b>	<b>2,155,234</b>	<b>6,072</b>	<b>(1,451,389)</b>	<b>709,917</b>

## **Statement of changes in equity For the year ended 31 March 2016**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£	£
At 1 April 2015	2,155,234	6,072	(1,195,006)	966,300
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(278,442)	(278,442)
<b>Total comprehensive income for the year</b>	-	-	(278,442)	(278,442)
<b>Total transactions with owners</b>	-	-	-	-
<b>At 31 March 2016</b>	<b>2,155,234</b>	<b>6,072</b>	<b>(1,473,448)</b>	<b>687,858</b>

The notes on pages 8 to 21 form part of these financial statements.

### **Share capital**

This represents the nominal value of shares that have been issued by the company.

### **Share premium**

This reserve records the amount above the nominal value received for shares issued by the company. Share premium may only be utilised to write-off any expenses incurred or commissions paid on the issue of those shares, or to pay up new shares to be allotted to members as fully paid bonus shares.

### **Profit and loss account**

This reserve comprises all current and prior period retained profits and losses after deducting any distributions made to the shareholders.

## **Kenard Engineering (Tewkesbury) Limited**

### **Notes to the financial statements For the year ended 31 March 2017**

#### **1. General information**

Kenard Engineering (Tewkesbury) Limited is a limited liability company incorporated in England. The address of the registered office is Green Street Green Road, Dartford, Kent, DA1 1QE. The principal activity of the company is that of precision engineering.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

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

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

The following principal accounting policies have been applied:

##### **2.2 Financial reporting standard 102 - reduced disclosure exemptions**

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Kenard Group Limited as at 31 March 2017 and these financial statements may be obtained from the Registrar of Companies.

**Notes to the financial statements  
For the year ended 31 March 2017**

**2. Accounting policies (continued)**

**2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

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

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

**2.4 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Depreciation is provided on the following bases:

Short term leasehold improvements	- over the term of the lease
Plant and machinery	- 12.5% per annum
Fixtures, fittings, tools and equipment	- 10% to 25% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

**Notes to the financial statements  
For the year ended 31 March 2017**

**2. Accounting policies (continued)**

**2.5 Operating leases: the company as lessee**

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

**2.6 Stocks**

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

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

**2.7 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.8 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

**2.9 Financial instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade creditors or trade debtors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, such as the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

## **Kenard Engineering (Tewkesbury) Limited**

### **Notes to the financial statements For the year ended 31 March 2017**

#### **2. Accounting policies (continued)**

##### **2.9 Financial instruments (continued)**

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

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **2.10 Creditors**

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

##### **2.11 Foreign currency translation**

###### **Functional and presentation currency**

The company's functional and presentational currency is sterling.

###### **Transactions and balances**

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

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

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

All foreign exchange gains and losses are presented in the statement of comprehensive income within administration expenses.

##### **2.12 Finance costs**

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**Notes to the financial statements  
For the year ended 31 March 2017**

**2. Accounting policies (continued)**

**2.13 Leased assets: the company as lessee**

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**2.14 Pensions**

The company operates defined contribution schemes for its employees. A defined contribution scheme is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

**2.15 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

**2.16 Invoice discounting**

The company has an agreement with RBS Invoice Finance Limited whereby the majority of its trade debtors are invoice discounted, with recourse after 90 days. On the basis that the benefits and risks attaching to the debts remain with the company, a separate presentation has been adopted, in accordance with Financial Reporting Standard 102. On this basis the gross debts are included as an asset within trade debtors and the proceeds received are included within bank loans and overdrafts as a liability.

**2.17 Borrowing costs**

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

**Notes to the financial statements  
For the year ended 31 March 2017**

**2. Accounting policies (continued)**

**2.18 Taxation**

Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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



**Notes to the financial statements  
For the year ended 31 March 2017**

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

The preparation of the financial statements requires the directors to make judgments, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

The following judgments have had the most significant impact on amounts recognised in the financial statements:

**Lease commitments**

The company has entered into a range of lease commitments in respect of property, plant and equipment. The classification of these leases as either financial or operating leases requires the directors to consider whether the terms and conditions of each lease are such that the company has acquired the risks and rewards associated with the ownership of the underlying assets.

The following are the company's key sources of estimation uncertainty:

**Tangible fixed assets**

The company has recognised tangible fixed assets with a carrying value of £1,045,137 at the reporting date (see note 8). These assets are stated at their cost less provision for depreciation and impairment. The company's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets such as plant and machinery the company determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Where there are indicators that the carrying value of tangible assets may be impaired the company undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less the incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the company's forecasts for the foreseeable future which do not include any restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as expected future cash flows and the growth rate used for extrapolation purposes.

**4. Operating profit/(loss)**

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

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	<b>180,185</b>	154,665
Auditors' remuneration	<b>6,515</b>	6,400
Exchange differences	<b>10,582</b>	(3,260)
Other operating lease rentals	<b>178,860</b>	191,005

## **Kenard Engineering (Tewkesbury) Limited**

### **Notes to the financial statements For the year ended 31 March 2017**

#### **5. Employees**

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

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Directors	<b>3</b>	<b>2</b>
Administration	<b>15</b>	<b>19</b>
Production	<b>47</b>	<b>45</b>
	<b>65</b>	<b>66</b>

#### **6. Directors' remuneration**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	<b>123,954</b>	<b>-</b>
	<b>123,954</b>	<b>-</b>

During the year retirement benefits were accruing to 1 director (2016: Nil) in respect of defined contribution pension schemes.

## Kenard Engineering (Tewkesbury) Limited

### Notes to the financial statements For the year ended 31 March 2017

#### 7. Taxation

	2017 £	2016 £
Group taxation relief	-	(6,198)
	-	(6,198)
<b>Total current tax</b>	-	(6,198)

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - higher than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit/(loss) on ordinary activities before tax	<b>22,059</b>	(284,640)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	<b>4,412</b>	(56,928)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>421</b>	498
Utilisation of tax losses	<b>(5,243)</b>	-
Depreciation on assets not qualifying for capital allowances	<b>410</b>	410
Transitional adjustments	-	(4,575)
Unrelieved tax losses carried forward	-	54,397
<b>Total tax charge for the year</b>	-	(6,198)

#### Factors that may affect future tax charges

The company has residual trading losses of £1,153,191 to carry forward for utilisation in future years.

# Kenard Engineering (Tewkesbury) Limited

## Notes to the financial statements For the year ended 31 March 2017

### 8. Tangible fixed assets

	Short term leasehold improvements £	Plant and machinery £	Fixtures, fittings, tools and equipment £	Total £
<b>Cost or valuation</b>				
At 1 April 2016	10,250	3,602,721	213,869	3,826,840
Additions	-	38,502	9,462	47,964
Disposals	-	(9,116)	-	(9,116)
At 31 March 2017	<u>10,250</u>	<u>3,632,107</u>	<u>223,331</u>	<u>3,865,688</u>
<b>Depreciation</b>				
At 1 April 2016	7,175	2,510,612	123,719	2,641,506
Charge for the year on owned assets	2,050	124,491	15,144	141,685
Charge for the year on financed assets	-	38,500	-	38,500
Disposals	-	(1,140)	-	(1,140)
At 31 March 2017	<u>9,225</u>	<u>2,672,463</u>	<u>138,863</u>	<u>2,820,551</u>
<b>Net book value</b>				
At 31 March 2017	<u>1,025</u>	<u>959,644</u>	<u>84,468</u>	<u>1,045,137</u>
At 31 March 2016	<u>3,075</u>	<u>1,092,109</u>	<u>90,150</u>	<u>1,185,334</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Plant and machinery	<u>330,458</u>	<u>368,958</u>
	<u>330,458</u>	<u>368,958</u>

# Kenard Engineering (Tewkesbury) Limited

## Notes to the financial statements For the year ended 31 March 2017

### 9. Stocks

	2017 £	2016 £
Work in progress	1,260,918	1,437,550
	<u>1,260,918</u>	<u>1,437,550</u>

Stock recognised in cost of sales during the year as an expense was £2,423,607 (2016: £1,777,953).

An impairment loss of £107,698 (2016: £Nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

### 10. Debtors

	2017 £	2016 £
Trade debtors	1,497,284	1,657,541
Amounts owed by group undertakings	77,821	77,821
Prepayments and accrued income	103,591	94,031
	<u>1,678,696</u>	<u>1,829,393</u>

The company invoice discounts its trade debtors with recourse after 90 days. The gross amount of the debts which are invoice discounted at 31 March 2017 is £1,497,284 (2016: £1,657,541). The company has had a proportion of its debtors advanced by RBS Invoice Finance Limited which, including charges, totals £851,151 and is included in bank loans and overdrafts (2016: £896,930).

### 11. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	22,388	16,954
Less: bank overdrafts	(851,151)	(896,930)
	<u>(828,763)</u>	<u>(879,976)</u>

# Kenard Engineering (Tewkesbury) Limited

## Notes to the financial statements For the year ended 31 March 2017

### 12. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank overdrafts	851,151	896,930
Other loans	30,898	71,403
Trade creditors	683,710	632,532
Amounts owed to group undertakings	1,218,620	1,644,195
Other taxation and social security	149,148	119,508
Obligations under finance lease and hire purchase contracts	85,994	82,759
Accruals and deferred income	126,842	66,370
	<b>3,146,363</b>	<b>3,513,697</b>

The invoice discounting facility, included within bank overdrafts, is secured by a fixed and floating charge over the assets of the company and a composite cross guarantee, given by all of the companies within the Kenard Group Limited group of companies.

The other loans disclosed above and in note 13 are secured by a legal charge over certain assets of the company.

### 13. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Other loans	-	30,822
Net obligations under finance leases and hire purchase contracts	150,859	236,854
	<b>150,859</b>	<b>267,676</b>

### 14. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
<b>Amounts falling due within one year</b>		
Other loans	30,898	71,403
	<b>30,898</b>	<b>71,403</b>
<b>Amounts falling due in one to two years</b>		
Other loans	-	30,822
	-	30,822
	<b>30,898</b>	<b>102,225</b>

## Kenard Engineering (Tewkesbury) Limited

### Notes to the financial statements For the year ended 31 March 2017

#### 15. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within one year	85,994	82,759
Between one to two years	89,356	85,994
Between two to five years	61,503	150,860
	<u>236,853</u>	<u>319,613</u>

#### 16. Share capital

	2017 £	2016 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
2,155,234 Ordinary shares of £1 each	<u>2,155,234</u>	<u>2,155,234</u>

#### 17. Contingent liabilities

The company is party to a composite cross guarantee and debenture given to RBS Invoice Finance Limited, covering the invoice discounting facility of the companies within the Kenard Group Limited group of companies. The potential liability at the balance sheet date was £421,734 (2016: £411,944).

The company also has an obligation under the Group VAT registration amounting to £256,053 as at 31 March 2017 (2016: £255,165).

#### 18. Commitments under operating leases

At 31 March 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	159,466	179,150
Later than 1 year and not later than 5 years	605,234	609,744
Later than 5 years	62,500	212,500
	<u>827,200</u>	<u>1,001,394</u>

## **Kenard Engineering (Tewkesbury) Limited**

### **Notes to the financial statements For the year ended 31 March 2017**

#### **19. Related party transactions**

The company has taken advantage of the exemption from disclosing related party transactions with its fellow group members provided by paragraph 33.1A of Financial Reporting Standard 102 as it is a wholly owned subsidiary undertaking of Kenard Group Limited.

Mr R R Ellis and Mr K J Ellis are members of the Kenard Engineering Executive Pension Scheme. During the year, the company paid rent to the Scheme of £150,000 (2016: £150,000) in respect of the lease of the company's principal trading premises. No amounts were due to the Scheme as at 31 March 2017.

The total balance outstanding on the loan from the Kenard Engineering Executive Pension Scheme as at 31 March 2017 was £30,898 (2016: £102,225). Interest is charged in respect of the loan at a fixed rate of 5.50%.

#### **20. Controlling party**

The company's ultimate parent undertaking and controlling party is Kenard Group Limited, which is registered in England. Copies of this company's group financial statements may be obtained from the Registrar of Companies.

The company is not ultimately controlled by any individual.