

Company Registration No. 01376835 (England and Wales)

NORTON CAST PRODUCTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

NORTON CAST PRODUCTS LIMITED

COMPANY INFORMATION

Directors	P Ingall Dr M Newell D Senior B Robinson P S Hague J P Weston A Shaw	(Appointed 23 October 2019) (Appointed 6 May 2020) (Appointed 6 May 2020)
Secretary	P Ingall	
Company number	01376835	
Registered office	Capital Steel Works Tinsley Park Road Sheffield S9 5DL	
Auditor	BHP LLP 2 Rutland Park Sheffield S10 2PD	
Bankers	Yorkshire Bank plc 661 Staniforth Road Darnall Sheffield S9 4RE	

NORTON CAST PRODUCTS LIMITED

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NORTON CAST PRODUCTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2020

The directors present the strategic report for the year ended 31 January 2020.

Fair review of the business

The business has been profitable in another year during which there has been significant uncertainty within the market place.

With regard to the financial performance of the business during the year the key performance indicators are as follows:

Turnover: £11,597,616
Gross Profit: £ 2,490,088
Gross Margin: 21.5%
Net Profit: £487,507

With regard to the position of the company at the end of the year the key performance indicators are as follows:

Bank Balance: £2,195,276
Net Current Assets: £3,030,504
Net Assets: £3,434,310

The business remains in a strong financial position.

Principal risks and uncertainties

The principle risks and uncertainties that the business face are as follows:

- The impact of Covid-19 upon global markets.
- The possible impact of Covid-19 upon the welfare of our employees.
- General uncertainty within the market for steel castings.
- The residual effect that Brexit may cause on sales into Europe.
- The vagaries of the oil and gas markets into which we supply.

Additional information

Every year I thank the employees of Norton Cast Products Limited. I write this note whilst we are suffering what I hope is the very worst of the Covid-19 pandemic. During this difficult period our employees have continued to work hard with a great deal of grace and humour. Once again thank you to all our employees for their considerable efforts.

On behalf of the board

P Ingall
Director
26 January 2021

NORTON CAST PRODUCTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2020

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

Principal activities

The principal activity of the company continued to be that of manufacture of steel and alloy foundry castings.

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £250,000. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P Ingall	
Dr M Newell	
D Senior	
P A Lewis	(Deceased 2 April 2020)
B Robinson	
O Leach	(Appointed 14 February 2019 and resigned 10 May 2019)
P S Hague	(Appointed 23 October 2019)
J P Weston	(Appointed 6 May 2020)
A Shaw	(Appointed 6 May 2020)

Auditor

The auditor, BHP LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The 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.

Statement of disclosure to auditor

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

NORTON CAST PRODUCTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

On behalf of the board

P Ingall
Director

26 January 2021

NORTON CAST PRODUCTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NORTON CAST PRODUCTS LIMITED

Opinion

We have audited the financial statements of Norton Cast Products Limited (the 'company') for the year ended 31 January 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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.

NORTON CAST PRODUCTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NORTON CAST PRODUCTS LIMITED

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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.

Paul Winwood (Senior Statutory Auditor)
For and on behalf of BHP LLP

26 January 2021

Chartered Accountants
Statutory Auditor

2 Rutland Park
Sheffield
S10 2PD

NORTON CAST PRODUCTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2020

	Notes	2020 £	2019 £
Turnover	3	11,597,616	10,787,746
Cost of sales		(9,107,528)	(8,361,613)
Gross profit		<u>2,490,088</u>	<u>2,426,133</u>
Administrative expenses		(2,040,939)	(2,019,583)
Operating profit	4	<u>449,149</u>	<u>406,550</u>
Interest receivable and similar income	7	1,206	1,963
Interest payable and similar expenses	8	-	(379)
Profit before taxation		<u>450,355</u>	<u>408,134</u>
Tax on profit	9	37,154	45,587
Profit for the financial year		<u><u>487,509</u></u>	<u><u>453,721</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

NORTON CAST PRODUCTS LIMITED

BALANCE SHEET

AS AT 31 JANUARY 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	11		578,214		359,812
Current assets					
Stocks	12	1,020,182		962,375	
Debtors	13	3,031,668		3,003,367	
Cash at bank and in hand		2,195,276		2,054,015	
		<u>6,247,126</u>		<u>6,019,757</u>	
Creditors: amounts falling due within one year	14	<u>(3,216,622)</u>		<u>(3,136,768)</u>	
Net current assets			3,030,504		2,882,989
Total assets less current liabilities			<u>3,608,718</u>		<u>3,242,801</u>
Creditors: amounts falling due after more than one year	15		(91,408)		-
Provisions for liabilities					
Deferred tax liability	17	<u>83,000</u>	(83,000)	<u>46,000</u>	(46,000)
Net assets			<u>3,434,310</u>		<u>3,196,801</u>
Capital and reserves					
Called up share capital	19		2,000		2,000
Profit and loss reserves			<u>3,432,310</u>		<u>3,194,801</u>
Total equity			<u>3,434,310</u>		<u>3,196,801</u>

The financial statements were approved by the board of directors and authorised for issue on 26 January 2021 and are signed on its behalf by:

P Ingall
Director

Company Registration No. 01376835

NORTON CAST PRODUCTS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2020

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 February 2018		2,000	2,741,080	2,743,080
Year ended 31 January 2019:				
Profit and total comprehensive income for the year		-	453,721	453,721
Balance at 31 January 2019		2,000	3,194,801	3,196,801
Year ended 31 January 2020:				
Profit and total comprehensive income for the year		-	487,509	487,509
Dividends	10	-	(250,000)	(250,000)
Balance at 31 January 2020		2,000	3,432,310	3,434,310

NORTON CAST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

Company information

Norton Cast Products Limited is a private company limited by shares incorporated in England and Wales. The registered office is Capital Steel Works, Tinsley Park Road, Sheffield, S9 5DL.

1.1 Accounting convention

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

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

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

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

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;

The financial statements of the company are consolidated in the financial statements of J B Ingall Limited. These consolidated financial statements are available from its registered office.

1.2 Going concern

The directors have reviewed the performance of the company and considered the impact of the Covid-19 pandemic on the company's trade, workforce and supply chain, as well as the wider economy. Whilst it is not considered practical to accurately assess the duration or extent of the disruption, the directors have reviewed the performance in the year and the trading outlook of the company and concluded that, at the time of approving the financial statements, they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore continue to adopt the going concern basis of preparation for these financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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

NORTON CAST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

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

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

Plant and machinery	7% to 50% straight line
Motor vehicles	33.33% straight line

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

1.5 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.6 Stocks

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

Work in progress is assigned a value based on stage of completion. There are three key stages in the production process with work in progress banded accordingly. The year-end work in progress valuation is determined by multiplying the sales value by the relevant work in progress banding.

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

1.7 Cash and cash equivalents

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

1.8 Financial instruments

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

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

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

NORTON CAST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

(Continued)

Other financial assets

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

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Other financial liabilities

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

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

NORTON CAST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

(Continued)

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

Derecognition of financial liabilities

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

1.9 Equity instruments

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

1.10 Derivatives

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

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

1.11 Taxation

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

Current tax

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

Deferred tax

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

1.12 Employee benefits

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

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

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

1.13 Retirement benefits

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

NORTON CAST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

(Continued)

1.14 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

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

	2020 £	2019 £
Turnover analysed by class of business		
Production and sale of steel and alloy castings	11,597,616	10,787,746
	<u>11,597,616</u>	<u>10,787,746</u>
	2020 £	2019 £
Other significant revenue		
Interest income	1,206	1,963
	<u>1,206</u>	<u>1,963</u>
	2020 £	2019 £
Turnover analysed by geographical market		
United Kingdom	8,433,218	8,541,069
European Union	2,587,600	1,858,338
Rest of World	576,798	388,339
	<u>11,597,616</u>	<u>10,787,746</u>

NORTON CAST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(16,622)	(18,526)
Fees payable to the company's auditor for the audit of the company's financial statements	14,525	17,865
Depreciation of owned tangible fixed assets	96,186	69,738
Operating lease charges	98,939	89,699
	<u> </u>	<u> </u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £16,622 (2019 - £18,526).

5 Employees

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

	2020 Number	2019 Number
Production	47	44
Administration	15	18
Directors	5	4
Total	<u>67</u>	<u>66</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	2,362,908	2,199,855
Social security costs	254,468	236,476
Pension costs	72,730	50,240
	<u>2,690,106</u>	<u>2,486,571</u>

6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	345,743	312,578
Company pension contributions to defined contribution schemes	26,090	8,576
	<u>371,833</u>	<u>321,154</u>

NORTON CAST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

6 Directors' remuneration

(Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	117,116	89,169
Company pension contributions to defined contribution schemes	3,000	-
	<u>120,116</u>	<u>89,169</u>

7 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	1,206	1,963
	<u>1,206</u>	<u>1,963</u>

Interest on financial assets not measured at fair value through profit or loss	1,206	1,963
	<u>1,206</u>	<u>1,963</u>

8 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	379
	<u>-</u>	<u>379</u>

9 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	(74,117)	(49,734)
Adjustments in respect of prior periods	(37)	(3,853)
	<u>(74,154)</u>	<u>(53,587)</u>
Deferred tax		
Origination and reversal of timing differences	37,000	8,000
	<u>37,000</u>	<u>8,000</u>
Total tax credit	<u>(37,154)</u>	<u>(45,587)</u>

NORTON CAST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

9 Taxation

(Continued)

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

	2020 £	2019 £
Profit before taxation	450,355	408,134
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	85,567	77,545
Tax effect of expenses that are not deductible in determining taxable profit	43	786
Change in unrecognised deferred tax assets	(612)	(485)
Adjustments in respect of prior years	(37)	(3,852)
Group relief	7	-
Permanent capital allowances in excess of depreciation	28	-
Research and development tax credit	(117,726)	(118,583)
Effect of change in deferred tax rates	(4,424)	(998)
Taxation credit for the year	(37,154)	(45,587)

10 Dividends

	2020 £	2019 £
Final paid	250,000	-

NORTON CAST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

11 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
Cost			
At 1 February 2019	3,723,754	-	3,723,754
Additions	305,688	8,900	314,588
At 31 January 2020	4,029,442	8,900	4,038,342
Depreciation and impairment			
At 1 February 2019	3,363,942	-	3,363,942
Depreciation charged in the year	93,219	2,967	96,186
At 31 January 2020	3,457,161	2,967	3,460,128
Carrying amount			
At 31 January 2020	572,281	5,933	578,214
At 31 January 2019	359,812	-	359,812

12 Stocks

	2020 £	2019 £
Raw materials and consumables	240,038	218,047
Work in progress	780,144	744,328
	1,020,182	962,375

13 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	2,639,762	2,732,520
Corporation tax recoverable	79,059	54,676
Other debtors	239,436	165,429
Prepayments and accrued income	73,411	50,742
	3,031,668	3,003,367

NORTON CAST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

14 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans	16	65,893	-
Trade creditors		2,778,678	2,790,136
Taxation and social security		120,335	68,963
Other creditors		100,119	89,862
Accruals and deferred income		151,597	187,807
		<u>3,216,622</u>	<u>3,136,768</u>

15 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	16	91,408	-
		<u>91,408</u>	<u>-</u>

16 Loans and overdrafts

	2020 £	2019 £
Bank loans	157,301	-
	<u>157,301</u>	<u>-</u>
Payable within one year	65,893	-
Payable after one year	91,408	-
	<u>157,301</u>	<u>-</u>

The long-term loans are secured by fixed and floating charges over the assets of Norton Cast Products Limited.

The bank loan is for an amount of £200,000 repayable on a monthly basis over three years and interest is charged at 2.5% per annum over the Bank of England's base rate.

17 Deferred taxation

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

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
ACAs	83,000	46,000
	<u>83,000</u>	<u>46,000</u>

NORTON CAST PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

17 Deferred taxation (Continued)

	2020 £
Movements in the year:	
Liability at 1 February 2019	46,000
Charge to profit or loss	37,000
Liability at 31 January 2020	83,000

18 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	72,730	50,240

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

19 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	2,000	2,000	2,000	2,000

20 Operating lease commitments

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

	2020 £	2019 £
Within one year	73,311	53,562
Between two and five years	112,195	12,487
	185,506	66,049

21 Ultimate controlling party

The ultimate parent company is J B Ingall Limited, a company registered in England and Wales. J B Ingall Limited prepares group financial statements and copies can be obtained from the registered office.

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