

Company Registration No. 02021691 (England and Wales)

ROWE HANKINS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018
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ROWE HANKINS LIMITED

COMPANY INFORMATION

Directors	T W Hankins M W Hankins L C Crawford D Duckworth T Jones
Secretary	P Briscoe
Company number	02021691
Registered office	Power House Parker Street Bury Lancashire BL9 0RJ
Auditor	Royce Peeling Green Limited The Copper Room Deva Centre Trinity Way Manchester M3 7BG
Bankers	National Westminster Bank plc 463 Bury New Road Prestwich Manchester M25 1AB

ROWE HANKINS LIMITED

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ROWE HANKINS LIMITED

BALANCE SHEET

AS AT 31 JULY 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	6		278,994		290,530
Current assets					
Stocks	7	1,271,413		1,744,838	
Debtors	8	2,975,007		2,952,320	
Cash at bank and in hand		592,345		83,169	
		<u>4,838,765</u>		<u>4,780,327</u>	
Creditors: amounts falling due within one year	9	<u>(1,433,312)</u>		<u>(2,198,443)</u>	
Net current assets			<u>3,405,453</u>		<u>2,581,884</u>
Total assets less current liabilities			<u>3,684,447</u>		<u>2,872,414</u>
Creditors: amounts falling due after more than one year	10		(38,157)		(30,915)
Provisions for liabilities			<u>(21,676)</u>		<u>(24,843)</u>
Net assets			<u><u>3,624,614</u></u>		<u><u>2,816,656</u></u>
Capital and reserves					
Called up share capital	13		4,500		4,500
Share premium account	13		1,900		1,900
Other reserves	13		400		400
Profit and loss reserves	13		3,617,814		2,809,856
Total equity			<u><u>3,624,614</u></u>		<u><u>2,816,656</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

ROWE HANKINS LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 JULY 2018

The financial statements were approved by the board of directors and authorised for issue on 2/1/19
and are signed on its behalf by:



T W Hankins
Director

Company Registration No. 02021691

ROWE HANKINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

1 Accounting policies

Company information

Rowe Hankins Limited is a private company limited by shares incorporated in England and Wales. The registered office is Power House, Parker Street, Bury, Lancashire, BL9 0RJ.

The principal activity of the company continued to be that of design, manufacture, distribution, service and maintenance of railway electrical and electronic systems.

Basis of preparation

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 under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

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

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

The financial statements of the company are consolidated in the financial statements of Rowe Hankins (Holdings) Limited. These consolidated financial statements are available from its registered office, Power House, Parker Street, Bury, Lancashire BL9 0RJ.

1.1 Going concern

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

1.2 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.

ROWE HANKINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

1 Accounting policies

(Continued)

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

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

1.3 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

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:

Building alterations	10% straight line
Plant and machinery	15% / 20% straight line
Fixtures, fittings & equipment	10% / 33% straight line
Motor vehicles	20% straight line

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

1.5 Impairment of fixed assets

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

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

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

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.

ROWE HANKINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

1 Accounting policies

(Continued)

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 at bank and in hand

Cash at bank and in hand 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 balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

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 and loans from fellow group, 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.

1.9 Equity instruments

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

ROWE HANKINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

1 Accounting policies

(Continued)

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.

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

1.12 Employee benefits

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

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

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

1.13 Retirement benefits

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in independently administered funds.

Contributions to the deferred contribution pension scheme are charged to profit or loss in the year to which the contributions relate.

ROWE HANKINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

1 Accounting policies

(Continued)

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

1.15 Foreign exchange

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

1.16 Auditor liability limitation agreement

The company has entered into a liability limitation agreement with Royce Peeling Green Limited, the statutory auditor, in respect of the statutory audit for the year ended 31 July 2018. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements.

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.

ROWE HANKINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Depreciation

The depreciation expense is the recognition of the decline in the value of the asset and allocation of the cost of the asset over the periods in which the asset will be used. Judgments are made on the estimated useful life of the assets which are regularly reviewed to reflect the changing environment.

Stock provision

The provision is based on a review of old/slow moving stock lines and the estimated recoverability of those stock lines. The estimated recoverability is based on past experience and subsequent recoverability after the year end. Judgments are made on the estimated recoverability of the stock lines which are regularly reviewed to reflect the changing environment.

Debtors

The trade debtors balance is the amounts receivable from customers at the year end. A review has been performed to identify any potential bad debts and the recoverability of debtors at the year end. Judgments are made to determine the ability of customers to pay their outstanding balance.

3 Exceptional costs

	2018 £	2017 £
Termination of employment costs	50,000	-

4 Employees

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

	2018 Number	2017 Number
Sales	13	14
Administration	15	15
Management	13	5
Engineering	10	11
Production	28	29
	79	74

ROWE HANKINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

5 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	172,549	158,608
Company pension contributions to defined contribution schemes	2,184	2,090
	<u>174,733</u>	<u>160,698</u>

The number of directors accruing benefits under defined contribution schemes amounted to 2 (2017 - 2).

6 Tangible fixed assets

	Building alterations £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 August 2017	182,640	239,705	330,246	84,164	836,755
Additions	-	8,308	42,800	31,755	82,863
Disposals	-	-	(6,727)	-	(6,727)
At 31 July 2018	<u>182,640</u>	<u>248,013</u>	<u>366,319</u>	<u>115,919</u>	<u>912,891</u>
Depreciation and impairment					
At 1 August 2017	85,541	205,179	239,200	16,305	546,225
Depreciation charged in the year	18,192	20,131	31,970	18,337	88,630
Eliminated in respect of disposals	-	-	(958)	-	(958)
At 31 July 2018	<u>103,733</u>	<u>225,310</u>	<u>270,212</u>	<u>34,642</u>	<u>633,897</u>
Carrying amount					
At 31 July 2018	<u>78,907</u>	<u>22,703</u>	<u>96,107</u>	<u>81,277</u>	<u>278,994</u>
At 31 July 2017	<u>97,099</u>	<u>34,526</u>	<u>91,046</u>	<u>67,859</u>	<u>290,530</u>

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2018 £	2017 £
Motor vehicles	<u>71,458</u>	<u>54,575</u>
Depreciation charge for the year in respect of leased assets	<u>14,872</u>	<u>9,307</u>

ROWE HANKINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

7 Stocks

	2018 £	2017 £
Work in progress	22,549	51,030
Finished goods and goods for resale	1,248,864	1,693,808
	<u>1,271,413</u>	<u>1,744,838</u>

8 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	1,619,949	1,699,963
Amounts owed by group undertakings	1,118,951	1,118,951
Other debtors	158,442	11,490
Prepayments and accrued income	77,665	121,916
	<u>2,975,007</u>	<u>2,952,320</u>

9 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Invoice discounting facility	11	-	104,925
Obligations under finance leases		22,404	13,240
Other borrowings	11	-	60,008
Trade creditors		539,687	844,981
Corporation tax		89,682	5,020
Other taxation and social security		173,918	139,389
Derivative financial instruments		-	13,794
Other creditors		72,187	17,412
Accruals and deferred income		535,434	999,674
		<u>1,433,312</u>	<u>2,198,443</u>

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

The invoice discounting facility is secured over the book debts of the company.

ROWE HANKINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

10 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Obligations under finance leases		38,157	30,915

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

Included within other borrowings is a balance of £Nil (2017: £60,008) due to the Rowe Hankins (1988) Retirement Benefits Scheme. This is secured on a first fixed and floating charge over all stock in trade of the company, dated 25 June 2014 and 27 November 2014.

There is a debenture charge over the assets of the company, effective from 11 February 1993.

11 Loans and overdrafts

	2018 £	2017 £
Invoice discounting facility	-	104,925
Other loans	-	60,008
	-	164,933
Payable within one year	-	164,933

12 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 2018 £	Liabilities 2017 £
Balances:		
Accelerated capital allowances	21,676	24,843
Movements in the year:		2018 £
Liability at 1 August 2017		24,843
Credit to profit or loss		(3,167)
Liability at 31 July 2018		21,676

ROWE HANKINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

13 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
4,500 Ordinary shares of £1 each	4,500	4,500
	<u>4,500</u>	<u>4,500</u>

The company has one class of ordinary shares which carry voting rights but no right to fixed income.

Share Premium

This reserve represents the amount above the nominal value received for issued share capital, less transaction costs.

Profit and Loss Account

This reserve represents the accumulated undistributed reserves of the company.

14 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Jonathan Hayward.

The auditor was Royce Peeling Green Limited.

ROWE HANKINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

15 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:

	2018 £	2017 £
Within one year	75,000	75,000
Between two and five years	112,500	187,500
	<u>262,500</u>	<u>262,500</u>

16 Events after the reporting date

On 1 August 2018, a division of the Company was de-merged and the trade and assets were transferred into a new company, Cudis Limited, a company under common control.

17 Related party transactions

The company operates from premises leased from the Rowe Hankins (1988) Retirement Benefits Scheme and during the year paid a fair market rent of £75,000 (2017: £75,000). At 31 July 2018, there was a balance of £Nil (2017: £60,008) due to the Rowe Hankins (1988) Retirement Benefits Scheme.

The company has taken advantage of the exemption in FRS 102 from the requirement to disclose transactions with wholly owned group companies on the grounds that consolidated financial statements are prepared by the parent company.

At the year end, Mr T W Hankins, a director, owed the company £48,026 (2017: £4,567 owed by company). This includes a loan of £50,000 which has an interest rate of 2.5% per annum. The loan is repayable on demand.

At the year end, Mr M W Hankins, a director, owed the company £50,000 (2017: £Nil). The interest rate on the loan is 2.5% per annum. The loan is repayable on demand.

At the year end, Mrs L C Crawford, a director, owed the company £50,000 (2017: £Nil). The interest rate on the loan is 2.5% per annum. The loan is repayable on demand.

During the year, the company paid £36,238 (2017: £25,921) to a close family member of one of the directors for services undertaken during the year. The balance outstanding at the year-end was £Nil (2017: £Nil).

18 Controlling party

The immediate parent company is Rowe Hankins (Holdings) Limited, a company incorporated in England & Wales.

The ultimate controlling party is T W Hankins, a director, who has the majority shareholding in that company's issued ordinary share capital.