

Company registration number 04528905 (England and Wales)

FINE-CAST FOUNDRY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

FINE-CAST FOUNDRY LIMITED

COMPANY INFORMATION

Directors	D Gratton-Heatley C J G Heatley
Secretary	C P Gratton-Heatley
Company number	04528905
Registered office	Second Floor 3 Liverpool Gardens Worthing West Sussex BN11 1TF
Auditor	PHH Accountancy Limited Second Floor 3 Liverpool Gardens Worthing West Sussex BN11 1TF
Business address	Unit 1 Lineside Way Lineside Industrial Estate Littlehampton West Sussex England BN17 7EH

FINE-CAST FOUNDRY LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 24

FINE-CAST FOUNDRY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report for the year ended 31 March 2022.

Fair review of the business

The company continues to develop, engineer and manufacture high integrity, complex castings for a range of industries. All design, casting and verification services are in-house including machining, finishing and sub-assembly as required.

Results and Performance

The company has used two key performance indicators to assess the performance of the company, being profit before taxation and gross profit margin.

The company has reported a profit before tax of £970,388 in the year ended 31 March 2022 compared to £233,676 in the year to 31 March 2021, and has seen an increase in gross profit margin to 36% in 31 March 2022 compared to 27% in 31 March 2021, a marked improvement following the challenging environment that the company had been operating in during BREXIT and the COVID-19 pandemic.

Future Developments

The company continues to invest in its R&D program to ensure that its in-house expertise and processing techniques are industry leading and it can continue to remain competitive and offer services to a global market. To achieve this the company has budgeted to spend in excess of £1m on R&D projects in the next twelve months.

The company is also committed to laying the foundations of its continued success through apprenticeship schemes and graduate placement recruitment.

The company has been able to benefit from the downturn in the general market conditions by utilising the time to build for a better and brighter future in the coming years, with the benefits starting to be seen in 2022.

On behalf of the board

C J G Heatley
Director

11 January 2023

FINE-CAST FOUNDRY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the company continued to be that of manufacture of precision non ferrous castings

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £2,653,150. 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:

D Gratton-Heatley

C J G Heatley

Auditor

PHH Accountancy Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

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

On behalf of the board

C J G Heatley

Director

11 January 2023

FINE-CAST FOUNDRY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

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.

FINE-CAST FOUNDRY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FINE-CAST FOUNDRY LIMITED

Opinion

We have audited the financial statements of Fine-Cast Foundry Limited (the 'company') for the year ended 31 March 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 March 2022 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

FINE-CAST FOUNDRY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FINE-CAST FOUNDRY 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 or the directors' report.

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

- adequate accounting records have not been kept, 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 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks applicable to the company in the sector in which it operates. We determined that the following laws and regulations were most significant: the Companies Act 2006 and UK Corporate Taxation Laws.

We considered the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, bonus levels and performance targets.

We obtained an understanding of how the company is compliant with those legal and regulatory frameworks by making enquiries to the management.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: Revenue recognition and transactions with related parties. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

FINE-CAST FOUNDRY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FINE-CAST FOUNDRY LIMITED

We assessed the susceptibility of the company's financial statements to material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations. Audit procedures were performed by the engagement team, including:

- Enquiry of management, which included obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
- Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- Enquired with management concerning actual and potential litigation and claims.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.
- In addressing the revenue fraud risk, we tested the revenue system software controls and vouched a sample of income to supporting documentation and remittances.

Because of the inherent limitations of an audit, there is an unavoidable risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

FINE-CAST FOUNDRY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) **TO THE MEMBERS OF FINE-CAST FOUNDRY LIMITED**

Use of our report

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

Matthew Pedder BA(Hons) FCA
Senior Statutory Auditor
For and on behalf of PHH Accountancy Limited

11 January 2023

Chartered Accountants
Statutory Auditor

Second Floor
3 Liverpool Gardens
Worthing
West Sussex
BN11 1TF

FINE-CAST FOUNDRY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover	3	6,347,609	5,337,145
Cost of sales		(4,039,997)	(3,905,408)
Gross profit		2,307,612	1,431,737
Administrative expenses		(1,390,693)	(1,394,948)
Other operating income		46,857	211,132
Operating profit	4	963,776	247,921
Interest receivable and similar income	7	36	2
Interest payable and similar expenses	8	(17,185)	(6,689)
Amounts written off investments	9	23,761	(17,558)
Profit before taxation		970,388	223,676
Tax on profit	10	49,879	151,422
Profit for the financial year		1,020,267	375,098

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

FINE-CAST FOUNDRY LIMITED

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	12		1,254,156		1,598,352
Current assets					
Stocks	13	192,054		160,223	
Debtors	14	4,435,812		4,169,754	
Cash at bank and in hand		954,746		2,523,994	
		<u>5,582,612</u>		<u>6,853,971</u>	
Creditors: amounts falling due within one year	15	<u>(1,158,701)</u>		<u>(892,471)</u>	
Net current assets			<u>4,423,911</u>		<u>5,961,500</u>
Total assets less current liabilities			<u>5,678,067</u>		<u>7,559,852</u>
Creditors: amounts falling due after more than one year	16		(525,000)		(724,023)
Provisions for liabilities					
Deferred tax liability	19	<u>171,921</u>		<u>221,800</u>	
			<u>(171,921)</u>		<u>(221,800)</u>
Net assets			<u><u>4,981,146</u></u>		<u><u>6,614,029</u></u>
Capital and reserves					
Called up share capital	22		700		700
Capital redemption reserve			300		300
Profit and loss reserves			<u>4,980,146</u>		<u>6,613,029</u>
Total equity			<u><u>4,981,146</u></u>		<u><u>6,614,029</u></u>

The financial statements were approved by the board of directors and authorised for issue on 11 January 2023 and are signed on its behalf by:

C J G Heatley
Director

Company Registration No. 04528905

FINE-CAST FOUNDRY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

		Share capital	Capital redemption reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 April 2020		700	300	6,608,321	6,609,321
Year ended 31 March 2021:					
Profit and total comprehensive income for the year		-	-	375,098	375,098
Dividends	11	-	-	(370,390)	(370,390)
Balance at 31 March 2021		700	300	6,613,029	6,614,029
Year ended 31 March 2022:					
Profit and total comprehensive income for the year		-	-	1,020,267	1,020,267
Dividends	11	-	-	(2,653,150)	(2,653,150)
Balance at 31 March 2022		700	300	4,980,146	4,981,146

FINE-CAST FOUNDRY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	27	1,145,359	1,827,963
Interest paid		(17,185)	(6,689)
Income taxes refunded		6,844	13,899
Net cash inflow from operating activities		<u>1,135,018</u>	<u>1,835,173</u>
Investing activities			
Purchase of tangible fixed assets		(18,839)	(570,604)
Repayment of loans		93,465	(97,453)
Interest received		36	2
Net cash generated from/(used in) investing activities		<u>74,662</u>	<u>(668,055)</u>
Financing activities			
Repayment of bank loans		(26,138)	691,138
Payment of finance leases obligations		(99,640)	(62,475)
Dividends paid		(2,653,150)	(370,390)
Net cash (used in)/generated from financing activities		<u>(2,778,928)</u>	<u>258,273</u>
Net (decrease)/increase in cash and cash equivalents		<u>(1,569,248)</u>	<u>1,425,391</u>
Cash and cash equivalents at beginning of year		<u>2,523,994</u>	<u>1,098,603</u>
Cash and cash equivalents at end of year		<u><u>954,746</u></u>	<u><u>2,523,994</u></u>

FINE-CAST FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

Fine-Cast Foundry Limited is a private company limited by shares incorporated in England and Wales. The registered office is Second Floor, 3 Liverpool Gardens, Worthing, West Sussex, BN11 1TF.

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

1.2 Going concern

The company has experienced some operational disruption following the legacy of the COVID-19 pandemic but the company has sufficient resources to deal with the challenging climate. Therefore 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.

1.3 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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

1.4 Tangible fixed assets

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

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

Land and buildings Leasehold	Over 10 year lease
Plant and machinery	25% reducing balance basis per annum
Computer equipment	25% reducing balance basis per annum
Motor vehicles	20% straight line basis per annum

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.

FINE-CAST FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

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

Stock is stated at the lower of cost and net realisable value. Work in progress is stated at its sales value determined by its stage of completion at the balance sheet date.

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

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.

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.

FINE-CAST FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Other financial liabilities

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

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value 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.

FINE-CAST FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.9 Equity instruments

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

1.10 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.

1.11 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.

1.12 Retirement benefits

The company operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

FINE-CAST FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.13 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 profit or loss 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 profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.15 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the 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

	2022	2021
	£	£
Turnover analysed by class of business		
Castings, patterns and machining	5,763,369	4,684,721
Other	584,240	652,424
	<u>6,347,609</u>	<u>5,337,145</u>

FINE-CAST FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

3 Turnover and other revenue

(Continued)

	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	4,005,426	3,081,190
Europe	819,175	1,507,804
Rest of the world	1,523,008	748,151
	<u>6,347,609</u>	<u>5,337,145</u>
	2022 £	2021 £
Other revenue		
Interest income	36	2
Grants received	46,857	210,032
	<u>46,893</u>	<u>210,034</u>

4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(15,499)	127,139
Government grants	(46,857)	(210,032)
Fees payable to the company's auditor for the audit of the company's financial statements	5,000	2,500
Depreciation of owned tangible fixed assets	309,920	381,297
Depreciation of tangible fixed assets held under finance leases	53,115	59,488
Impairment of stocks recognised or reversed	281,924	239,811
Operating lease charges	202,767	71,794
	<u>602,370</u>	<u>872,997</u>

5 Employees

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

	2022 Number	2021 Number
Directors	2	2
Management	7	2
Production	46	46
Administrative	5	5
	<u>60</u>	<u>55</u>
Total	<u>60</u>	<u>55</u>

FINE-CAST FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

5	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2022	2021
		£	£
	Wages and salaries	1,446,661	1,630,640
	Social security costs	110,964	131,460
	Pension costs	117,017	110,988
		<u>1,674,642</u>	<u>1,873,088</u>
6	Directors' remuneration		
		2022	2021
		£	£
	Remuneration for qualifying services	17,680	19,128
	Company pension contributions to defined contribution schemes	41,400	41,400
		<u>59,080</u>	<u>60,528</u>
7	Interest receivable and similar income		
		2022	2021
		£	£
	Interest income		
	Other interest income	36	2
		<u></u>	<u></u>
8	Interest payable and similar expenses		
		2022	2021
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	12,180	-
	Other finance costs:		
	Interest on finance leases and hire purchase contracts	4,989	6,689
	Other interest	16	-
		<u>17,185</u>	<u>6,689</u>
9	Amounts written off investments		
		2022	2021
		£	£
	Amounts written back to/(written off) current loans	23,761	(17,558)
		<u></u>	<u></u>

FINE-CAST FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

10 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	-	(168,904)
Adjustments in respect of prior periods	-	682
Total current tax	-	(168,222)
Deferred tax		
Origination and reversal of timing differences	(49,879)	16,800
Total tax credit	(49,879)	(151,422)

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:

	2022 £	2021 £
Profit before taxation	970,388	223,676
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	184,374	42,498
Tax effect of expenses that are not deductible in determining taxable profit	-	1,462
Tax effect of income not taxable in determining taxable profit	(4,041)	-
Permanent capital allowances in excess of depreciation	54,350	(22,548)
Research and development tax credit	(234,684)	(168,904)
Under/(over) provided in prior years	-	(20,730)
Deferred tax movement	(49,878)	16,800
Taxation credit for the year	(49,879)	(151,422)

11 Dividends

	2022 £	2021 £
Final paid	2,653,150	370,390

FINE-CAST FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

12 Tangible fixed assets

	Land and buildings Leasehold £	Plant and machinery £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2021	553,236	3,201,789	128,203	5,600	3,888,828
Additions	-	18,839	-	-	18,839
At 31 March 2022	553,236	3,220,628	128,203	5,600	3,907,667
Depreciation and impairment					
At 1 April 2021	259,606	1,935,862	90,155	4,853	2,290,476
Depreciation charged in the year	33,995	318,772	9,522	746	363,035
At 31 March 2022	293,601	2,254,634	99,677	5,599	2,653,511
Carrying amount					
At 31 March 2022	259,635	965,994	28,526	1	1,254,156
At 31 March 2021	293,630	1,265,927	38,048	747	1,598,352

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

	2022 £	2021 £
Plant and machinery	159,346	212,461
13 Stocks		
	2022 £	2021 £
Finished goods and goods for resale	192,054	160,223
14 Debtors		
Amounts falling due within one year:	2022 £	2021 £
Trade debtors	1,708,799	863,387
Corporation tax recoverable	168,940	175,784
Amounts owed by group undertakings	160,069	285,178
Other debtors	2,361,091	2,800,480
Prepayments and accrued income	36,913	44,925
	4,435,812	4,169,754

FINE-CAST FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

15 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans	17	140,000	37,805
Obligations under finance leases	18	70,690	99,640
Trade creditors		837,031	652,056
Taxation and social security		36,548	35,351
Government grants	20	-	8,862
Other creditors		32,461	23,823
Accruals and deferred income		41,971	34,934
		<u>1,158,701</u>	<u>892,471</u>

The obligations under finance leases of £70,690 (2021 - £99,640) are secured by the related the assets of the company.

16 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	17	525,000	653,333
Obligations under finance leases	18	-	70,690
		<u>525,000</u>	<u>724,023</u>

The obligations under finance leases of £nil (2021 - £70,690) are secured by the related assets of the company.

17 Loans and overdrafts

	2022 £	2021 £
Bank loans	<u>665,000</u>	<u>691,138</u>
Payable within one year	140,000	37,805
Payable after one year	<u>525,000</u>	<u>653,333</u>

The Coronavirus Business Interruption Loan has been provided over a 6 year period, with the first instalment being paid 13 months after the initial draw down. No repayments of capital are being made during the first 12 months of the loan. Interest is charged on the loan at a rate of 1.69% per annum over the Bank of England base rate.

FINE-CAST FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

18 Finance lease obligations

	2022 £	2021 £
Future minimum lease payments due under finance leases:		
Within one year	71,299	104,825
In two to five years	-	73,620
	<u>71,299</u>	<u>178,445</u>
Less: future finance charges	(609)	(8,115)
	<u>70,690</u>	<u>170,330</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term remaining at 31 March 2022 is 8 months. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
Accelerated capital allowances	<u>171,921</u>	<u>221,800</u>
Movements in the year:		2022 £
Liability at 1 April 2021		221,800
Credit to profit or loss		(49,879)
Liability at 31 March 2022		<u>171,921</u>

20 Government grants

	2022 £	2021 £
Arising from government grants	<u>-</u>	<u>8,862</u>

FINE-CAST FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

21 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	117,017	110,988

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.

22 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary A of £1 each	420	420	420	420
Ordinary B of £1 each	138	138	140	140
Ordinary C of £1 each	140	140	138	138
Ordinary D of £1 each	2	2	2	2
	<u>700</u>	<u>700</u>	<u>700</u>	<u>700</u>

23 Operating lease commitments

Lessee

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

	2022 £	2021 £
Within one year	178,905	178,905
Between two and five years	122,168	-
	<u>301,073</u>	<u>178,905</u>

24 Directors' transactions

During the year the company provided an interest free loan of £221,404 (2021 - £304,398) to the directors, maximum balance outstanding during the year £304,938. The loan has been provided without any formal repayment terms.

25 Related party transactions

During the year the company provided an interest free loan of £1,810,528 (2021 - £2,395,681) to Heatcast Ltd, a company under the common control of the director, D Gratton Heatley. The loan has been provided without any formal repayment terms.

FINE-CAST FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

26 Ultimate controlling party

The company's results are consolidated in the financial statements of its ultimate parent company, Beacon Cast Assets Ltd, registered at 1 Lineside Way, Wick, Littlehampton, BN17 7EH.

27 Cash generated from operations

	2022 £	2021 £
Profit for the year after tax	1,020,267	375,098
Adjustments for:		
Taxation credited	(49,879)	(151,422)
Finance costs	17,185	6,689
Investment income	(36)	(2)
Depreciation and impairment of tangible fixed assets	363,035	440,785
Other gains and losses	(23,761)	17,558
Movements in working capital:		
(Increase)/decrease in stocks	(31,831)	87,088
(Increase)/decrease in debtors	(342,606)	1,136,194
Increase/(decrease) in creditors	201,847	(92,887)
(Decrease)/increase in deferred income	(8,862)	8,862
Cash generated from operations	1,145,359	1,827,963

28 Analysis of changes in net funds

	1 April 2021 £	Cash flows £	31 March 2022 £
Cash at bank and in hand	2,523,994	(1,569,248)	954,746
Borrowings excluding overdrafts	(691,138)	26,138	(665,000)
Obligations under finance leases	(170,330)	99,640	(70,690)
	1,662,526	(1,443,470)	219,056

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