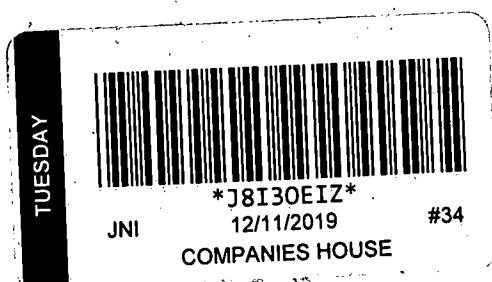


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Maghera Joinery Works Limited

Directors' Report and Financial Statements

For the Year Ended 31 May 2019



Maghera Joinery Works Limited

Company Information

Directors	Colette Young Damian Young Fiona Young Lorraine Young Murty Young (Jnr) Patrick Young
Company secretary	Damian Young
Registered number	NI009296
Registered office	100 Glen Road Maghera Londonderry BT46 5JG
Independent auditors	ASM (B) Ltd Chartered Accountants and Statutory Auditors Glendinning House 6 Murray Street Belfast Co. Antrim BT1 6DN
Bankers	Bank of Ireland 55 Main Street Maghera Co Derry BT46 5AA
Solicitors	P A Duffy & Co 14 Molesworth Street Cookstown Co Tyrone BT80 8NX

Maghera Joinery Works Limited

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Maghera Joinery Works Limited

Strategic Report For the Year Ended 31 May 2019

Introduction

The directors present their strategic report for the year ended 31 May 2019. The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Business review

The principal activities of the company continued to be the manufacture of flat-pack kitchens, carcasses and vinyl wrap doors for distribution to the UK.

The directors consider the results for the year and the financial position at the end of the year to be satisfactory and will continue to seek every opportunity to increase profitable turnover.

The directors are committed to long term creation of shareholder value by increasing the company's market share through organic growth. Further successful implementation of this growth strategy combined with achievement of improvements in buying stock management and overhead cost savings has resulted in satisfactory results for 2019. While the incoming year is likely to continue to be very challenging, early results are satisfactory and the directors expect another year of good progress.

Principal risks and uncertainties

Performance in the sector is affected by general economic conditions and specific sectoral factors such as the housing market and demographic trends, as well as product availability and price fluctuation. The Board carries out regular strategic reviews including assessments of competitor activity, market trends and forecasts and customer behaviour. The security of product supply is monitored by the directors on an ongoing basis with supplier financial strength, product quality and service levels regularly reviewed. The company's active review of market prices both provides protection and maximises opportunities from anticipated price rises.

Financial key performance indicators

The directors consider turnover, gross profit margin, (decline) / growth in sales and employee numbers as the key measures of financial performance. Turnover in the year amounted to £7,063,329 (2018 : £6,177,383), an increase of .14% from the prior year. Gross profit margin increased to 20.7% (2018 : 17.0%). Employee numbers totalled 79, up from 78 in the prior year. The company monitors these indicators on an annual and monthly basis.

This report was approved by the board on 5 November 2019 and signed on its behalf.

Murty Young (Jnr)
Director



Maghera Joinery Works Limited

Directors' Report For the Year Ended 31 May 2019

The directors present their report and the financial statements for the year ended 31 May 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

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

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

Results and dividends

The profit for the year, after taxation, amounted to £822,574 (2018 : £358,268).

An interim dividend amounting to £357,506 (2018 : £357,793) was declared and paid during the year. The directors do not recommend payment of a final dividend (2018 : £Nil).

Directors

The directors who served during the year were:

Colette Young
Damian Young
Fiona Young
Lorraine Young
Murty Young (Jnr)
Patrick Young

Future developments

The company will continue to invest in research and development. The level of business in the current year was encouraging despite the difficulties in the marketplace and the directors expect that this level of activity will be sustained for the foreseeable future.

**Directors' Report (continued)
For the Year Ended 31 May 2019**

Disclosure of information to auditors

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

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

Post balance sheet events


There have been no significant events affecting the Company since the year end.

Auditors

The auditors, ASM (B) Ltd, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 5 November 2019 and signed on its behalf.

Murty Young (Jnr)
Director



Independent Auditors' Report to the Shareholders of Maghera Joinery Works Limited

Opinion

We have audited the financial statements of Maghera Joinery Works Limited (the 'Company') for the year ended 31 May 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, 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 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 May 2019 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditors' Report to the Shareholders of Maghera Joinery Works Limited (continued)

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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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 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 on page 2, 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.

Independent Auditors' Report to the Shareholders of Maghera Joinery Works Limited (continued)

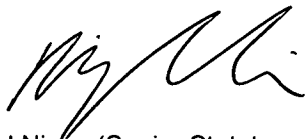
Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' 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 Auditors' 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.



Michael Nixon (Senior Statutory Auditor)
for and on behalf of

ASM (B) Ltd
Chartered Accountants and Statutory Auditors
Glendinning House
6 Murray Street
Belfast
Co. Antrim
BT1 6DN

5 November 2019

Maghera Joinery Works Limited

Statement of Comprehensive Income For the Year Ended 31 May 2019

	Note	2019 £	2018 £
Turnover	5	7,063,329	6,177,383
Cost of sales		(5,602,040)	(5,124,672)
Gross profit		1,461,289	1,052,711
Distribution costs		(59,398)	(110,944)
Administrative expenses		(514,920)	(625,272)
Other operating income	6	20,587	18,880
Fair value movements		26,987	-
Operating profit	7	934,545	335,375
Interest receivable and similar income	10	365	424
Interest payable and expenses	11	(37,172)	(26,737)
Profit before tax		897,738	309,062
Tax on profit	12	(75,164)	49,206
Profit for the financial year		822,574	358,268

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 13 to 28 form part of these financial statements.


Maghera Joinery Works Limited
Registered number: NI009296

Balance Sheet
As at 31 May 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	2,574,088	2,622,292
Investments	15	347,309	338,527
Investment property	16	465,000	446,795
		<u>3,386,397</u>	<u>3,407,614</u>
Current assets			
Stocks	17	651,336	648,511
Debtors: amounts falling due within one year	18	1,355,781	917,315
Cash at bank and in hand	19	275,916	426,423
		<u>2,283,033</u>	<u>1,992,249</u>
Creditors: amounts falling due within one year	20	(1,199,572)	(1,167,711)
Net current assets		<u>1,083,461</u>	<u>824,538</u>
Total assets less current liabilities		<u>4,469,858</u>	<u>4,232,152</u>
Creditors: amounts falling due after more than one year	21	(298,590)	(478,644)
Provisions for liabilities			
Deferred tax	24	(240,379)	(287,687)
		<u>(240,379)</u>	<u>(287,687)</u>
Net assets		<u><u>3,930,889</u></u>	<u><u>3,465,821</u></u>
Capital and reserves			
Called up share capital	25	36,253	37,503
Revaluation reserve	26	1,439,615	1,455,213
Capital redemption reserve	26	13,750	12,500
Profit and loss account	26	2,441,271	1,960,605
		<u><u>3,930,889</u></u>	<u><u>3,465,821</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 November 2019.

Murty Young (Jnr)
Director



The notes on pages 13 to 28 form part of these financial statements.

Maghera Joinery Works Limited

**Statement of Changes in Equity
For the Year Ended 31 May 2019**

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 June 2018	37,503	12,500	1,455,213	1,960,605	3,465,821
Comprehensive income for the year					
Profit for the year	-	-	-	822,574	822,574
Other comprehensive income for the year					
Dividends: Equity capital	-	-	-	(357,506)	(357,506)
Purchase of own shares	-	1,250	-	-	1,250
Shares cancelled during the year	(1,250)	-	-	-	(1,250)
Transfer to/from profit and loss account	-	-	(15,598)	15,598	-
Total transactions with owners	(1,250)	1,250	(15,598)	(341,908)	(357,506)
At 31 May 2019	36,253	13,750	1,439,615	2,441,271	3,930,889

Maghera Joinery Works Limited

**Statement of Changes in Equity
For the Year Ended 31 May 2018**

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 June 2017	38,750	11,250	1,470,811	1,944,532	3,465,343
Comprehensive income for the year					
Profit for the year	-	-	-	358,268	358,268
Other comprehensive income for the year					
	-	-	-	-	-
Dividends: Equity capital	-	-	-	(357,793)	(357,793)
Purchase of own shares	-	1,250	-	-	1,250
Shares issued during the year	3	-	-	-	3
Shares cancelled during the year	(1,250)	-	-	-	(1,250)
Transfer to/from profit and loss account	-	-	(15,598)	15,598	-
Total transactions with owners	(1,247)	1,250	(15,598)	(342,195)	(357,790)
At 31 May 2018	37,503	12,500	1,455,213	1,960,605	3,465,821

The notes on pages 13 to 28 form part of these financial statements.

Maghera Joinery Works Limited**Statement of Cash Flows
For the Year Ended 31 May 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	822,574	358,268
Adjustments for:		
Depreciation of tangible assets	147,154	164,083
Loss on disposal of tangible assets	-	848
Government grants	(6,787)	-
Interest paid	37,172	26,737
Interest received	(365)	(424)
Taxation charge	75,164	(49,206)
(Increase) in stocks	(2,825)	(6,343)
(Increase)/decrease in debtors	(438,467)	147,382
(Decrease) in creditors	(86,165)	(322,345)
Net fair value (gains)/losses recognised in P&L	(26,987)	-
Corporation tax (paid)/received	(24,265)	13,232
Net cash generated from operating activities	<u>496,203</u>	<u>332,232</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(98,950)	(60,207)
Sale of tangible fixed assets	-	2,001
Interest received	365	422
HP interest paid	(4,381)	(4,381)
Net cash from investing activities	<u>(102,966)</u>	<u>(62,165)</u>

Maghera Joinery Works Limited

**Statement of Cash Flows (continued)
For the Year Ended 31 May 2019**

	2019 £	2018 £
Cash flows from financing activities		
Issue of ordinary shares	-	3
Repayment of other loans	(80,497)	(46,914)
Repayment of/new finance leases	(72,952)	(72,952)
Dividends paid	(357,506)	(357,793)
Interest paid	(32,789)	(22,355)
Net cash used in financing activities	<u>(543,744)</u>	<u>(500,011)</u>
Net (decrease) in cash and cash equivalents	<u>(150,507)</u>	<u>(229,944)</u>
Cash and cash equivalents at beginning of year	426,423	656,367
Cash and cash equivalents at the end of year	<u><u>275,916</u></u>	<u><u>426,423</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	275,916	426,423
	<u><u>275,916</u></u>	<u><u>426,423</u></u>

The notes on pages 13 to 28 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 31 May 2019**

1. General information

Maghera Joinery Works Limited is a private company limited by shares incorporated in Northern Ireland. The registration number and address of the registered office are given in the company information section of these financial statements.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Foreign currency translation

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

2.3 Revenue

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

Sale of goods

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

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

**Notes to the Financial Statements
For the Year Ended 31 May 2019**

2. Accounting policies (continued)

2.4 Leased assets: the Company as lessee

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

2.5 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.6 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**Notes to the Financial Statements
For the Year Ended 31 May 2019**

2. Accounting policies (continued)

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

2.8 Research and development

Research expenditure is written off to the Statement of Comprehensive Income in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

2.9 Tangible fixed assets

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

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

**Notes to the Financial Statements
For the Year Ended 31 May 2019**

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as follows.

Depreciation is provided on the following basis:

Freehold buildings	-	2% Straight line
Plant and machinery	-	15% Reducing Balance
Motor vehicles	-	25% Reducing Balance
Office equipment	-	20% Reducing Balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.10 Investment property

Investment property is carried at fair value determined annually by external valuers or by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.12 Stocks

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

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

2.13 Cash and cash equivalents

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

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**Notes to the Financial Statements
For the Year Ended 31 May 2019**

2. Accounting policies (continued)

2.14 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

In the process of applying the company's accounting policies, management has not made any significant judgments. There are no key assumptions concerning the future or other key sources of estimation, that have significant risk of raising a material adjustment to the carrying amounts of assets and liabilities within the financial year.

4. Going concern

The directors of Maghera Joinery Works Limited have reviewed the resources available and believe that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, Maghera Joinery Works Limited continue to adopt the going concern basis in preparing the financial statements.

5. Turnover

The whole of the turnover is attributable to the principal activity of the business.

All turnover arose within the United Kingdom.

6. Other operating income

	2019 £	2018 £
Other operating income	13,800	12,088
Government grants receivable	6,787	6,792
	<u>20,587</u>	<u>18,880</u>

Maghera Joinery Works Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

7. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	147,154	164,083
Exchange differences	14,646	14,441
Fees payable to the Company's Auditor	7,250	7,000
Defined contribution pension cost	70,083	80,000
	<u>239,133</u>	<u>265,524</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	1,493,857	1,510,547
Social security costs	109,600	114,240
Cost of defined contribution scheme	70,083	80,000
	<u>1,673,540</u>	<u>1,704,787</u>

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

	2019 No.	2018 No.
Production	67	64
Distribution and admin	12	14
	<u>79</u>	<u>78</u>

Maghera Joinery Works Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	31,286	43,735
Company contributions to defined contribution pension schemes	67,950	70,000
	<u>99,236</u>	<u>113,735</u>

During the year retirement benefits were accruing to 2 directors (2018 : 6) in respect of defined contribution pension schemes.

10. Interest receivable

	2019 £	2018 £
Other interest receivable	365	424
	<u>365</u>	<u>424</u>

11. Interest payable and similar expenses

	2019 £	2018 £
Other loan interest payable	32,791	22,356
Finance leases and hire purchase contracts	4,381	4,381
	<u>37,172</u>	<u>26,737</u>

Notes to the Financial Statements
For the Year Ended 31 May 2019

12. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	122,472	24,265
Adjustments in respect of previous periods	-	(42,364)
Total current tax	<u>122,472</u>	<u>(18,099)</u>
Deferred tax		
Origination and reversal of timing differences	(47,308)	(31,107)
Total deferred tax	<u>(47,308)</u>	<u>(31,107)</u>
Taxation on profit/(loss) on ordinary activities	<u>75,164</u>	<u>(49,206)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 -lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>897,738</u>	<u>309,062</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 -19%)	170,570	58,722
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(5,127)	2,660
Capital allowances for year in excess of depreciation	4,237	13,916
Adjustments to tax charge in respect of prior periods	-	(42,364)
R&D uplift	(47,208)	(51,033)
Deferred tax movement	(47,308)	(31,107)
Total tax charge for the year	<u>75,164</u>	<u>(49,206)</u>

Maghera Joinery Works Limited

**Notes to the Financial Statements
For the Year Ended 31 May 2019**

13. Dividends

	2019	2018
	£	£
Dividends paid	357,506	357,793
	<u>357,506</u>	<u>357,793</u>

14. Tangible fixed assets

	Freehold land & buildings £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost or valuation					
At 1 June 2018	2,000,000	2,763,123	113,011	198,852	5,074,986
Additions	-	98,950	-	-	98,950
At 31 May 2019	<u>2,000,000</u>	<u>2,862,073</u>	<u>113,011</u>	<u>198,852</u>	<u>5,173,936</u>
Depreciation					
At 1 June 2018	216,000	2,004,877	64,543	167,274	2,452,694
Charge for the year on owned assets	24,000	72,019	12,117	6,316	114,452
Charge for the year on financed assets	-	32,702	-	-	32,702
At 31 May 2019	<u>240,000</u>	<u>2,109,598</u>	<u>76,660</u>	<u>173,590</u>	<u>2,599,848</u>
Net book value					
At 31 May 2019	<u>1,760,000</u>	<u>752,475</u>	<u>36,351</u>	<u>25,262</u>	<u>2,574,088</u>
At 31 May 2018	<u>1,784,000</u>	<u>758,246</u>	<u>48,468</u>	<u>31,578</u>	<u>2,622,292</u>

**Notes to the Financial Statements
For the Year Ended 31 May 2019**

14. Tangible fixed assets (continued)

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

	2019 £	2018 £
Plant and machinery	185,310	218,012
	<u>185,310</u>	<u>218,012</u>

15. Fixed asset investments

	Investments in subsidiary companies £	Listed investments £	Total £
Cost or valuation			
At 1 June 2018	50,000	338,527	388,527
Revaluations	-	8,782	8,782
At 31 May 2019	<u>50,000</u>	<u>347,309</u>	<u>397,309</u>
Impairment			
At 1 June 2018	50,000	-	50,000
At 31 May 2019	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net book value			
At 31 May 2019	<u>-</u>	<u>347,309</u>	<u>347,309</u>
At 31 May 2018	<u>-</u>	<u>338,527</u>	<u>338,527</u>

Listed investments

The fair value of the listed investments at 31 May 2019 was £347,309 (2018 - £338,527).

Notes to the Financial Statements
For the Year Ended 31 May 2019

15. Fixed asset investments (continued)

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Class of shares	Holding	Principal activity
Youngcraft Products Ltd	Ordinary shares	100%	Dormant company

The aggregate of the share capital and reserves as at 31 May 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(Loss) £
Youngcraft Products Ltd	50,000	-

16. Investment property

Valuation	Freehold investment property £
At 1 June 2018	446,795
Surplus on revaluation	18,205
At 31 May 2019	465,000

The 2019 valuations were made by local estate agents, on an open market value for existing use basis.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2019 £	2018 £
Historic cost	446,795	446,795
	446,795	446,795

**Notes to the Financial Statements
For the Year Ended 31 May 2019**

17. Stocks

	2019 £	2018 £
Raw materials and consumables	533,105	539,723
Work in progress	88,709	26,937
Finished goods and goods for resale	29,522	81,851
	<u>651,336</u>	<u>648,511</u>

18. Debtors

	2019 £	2018 £
Trade debtors	1,331,962	892,007
Prepayments and accrued income	23,819	25,308
	<u>1,355,781</u>	<u>917,315</u>

19. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	275,916	426,423
	<u>275,916</u>	<u>426,423</u>

20. Creditors: Amounts falling due within one year

	2019 £	2018 £
Other loans	79,000	79,000
Trade creditors	558,754	640,042
Corporation tax	122,472	24,265
Other taxation and social security	167,089	126,756
Obligations under finance lease and hire purchase contracts	42,566	72,952
Other creditors	67,409	103,874
Accruals and deferred income	162,282	120,822
	<u>1,199,572</u>	<u>1,167,711</u>

**Notes to the Financial Statements
For the Year Ended 31 May 2019**

21. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Other loans	70,090	150,586
Net obligations under finance leases and hire purchase contracts	-	42,566
Other creditors	226,688	283,360
Government grants received	1,812	2,132
	<u>298,590</u>	<u>478,644</u>

The Company's bank facilities are secured by: a fixed charge over the lands and business premises at 100 Glen Road, Maghera, BT46 5JG; a debenture over the Company assets incorporating a specific charge over book debts of the Company; and a first legal charge over the Company's investment properties. The Company's chattel mortgage is also secured by various items of plant and machinery set out in the mortgage document.

The other loan is in respect of a loan between the company and the Young Pension Fund and is secured by a first ranking legal charge over the investment properties owned by the Company. A total loan of £395,000 was received from the Young Pension Fund on 2 December 2015 and the term of the loan is 5 years. Interest is charged on the loan at a fixed rate of 4.2% over the 5 year term, with both interest and capital payable quarterly in arrears.

22. Other loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year		
Other loans	79,000	79,000
Amounts falling due 1-2 years		
Other loans	70,090	150,586
Total other loans	<u>149,090</u>	<u>229,586</u>

**Notes to the Financial Statements
For the Year Ended 31 May 2019**

23. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	42,566	72,952
Between 1-5 years	-	42,566
	<u>42,566</u>	<u>115,518</u>

24. Deferred taxation

	2019 £	2018 £
At beginning of year	(287,687)	(318,794)
Charged to profit or loss	47,308	31,107
At end of year	<u>(240,379)</u>	<u>(287,687)</u>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(240,379)	(318,794)
Tax losses carried forward	-	31,107
	<u>(240,379)</u>	<u>(287,687)</u>

**Notes to the Financial Statements
For the Year Ended 31 May 2019**

25. Share capital

	2019	2018
	£	£
Allotted, called up and fully paid		
10,000 (2018 -10,000) Ordinary A shares of £1.00 each	10,000	10,000
6,250 (2018 -7,500) Ordinary B shares of £1.00 each	6,250	7,500
10,000 (2018 -10,000) Ordinary C shares of £1.00 each	10,000	10,000
10,000 (2018 -10,000) Ordinary D shares of £1.00 each	10,000	10,000
1 (2018 -1) Ordinary E share of £1.00	1	1
1 (2018 -1) Ordinary F share of £1.00	1	1
1 (2018 -1) Ordinary G share of £1.00	1	1
	<hr/>	<hr/>
	36,253	37,503
	<hr/>	<hr/>

On 30 May 2017, the Company entered an agreement to purchase its own ordinary B shares from Mr Thomas Young. Upon the date of the agreement, Mr Thomas Young gave up his beneficial interest in all of the ordinary B shares. It is intended that the sale of the shares will be completed in eight tranches, whereby the Company will purchase 1,250 ordinary B shares and subsequently cancel the shares for consideration of £56,672 annually on the anniversary of the agreement over the next 8 years. The first tranche was completed on 31 May 2017, the second on 2 May 2018 and the third on 17 January 2019. The remaining balance payable to Mr Thomas Young of £283,360 (2018 : £340,031) is included in other creditors falling due within and after more than one year as appropriate.

26. Reserves

Revaluation reserve

The revaluation reserve represents the cumulate effect of revaluations of tangible fixed assets where a policy of revaluation has been adopted.

Capital redemption reserve

The capital redemption reserve is a non-distributable reserve that represents paid up share capital.

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

27. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £70,083 (2018 : £80,000). Contributions totalling £Nil (2018: £Nil) were payable to the fund at the balance sheet date.

**Notes to the Financial Statements
For the Year Ended 31 May 2019**

28. Related party transactions

The ultimate controlling party is deemed to be the Young Family.

The company has identified the following transactions which fall to be disclosed under the terms of FRS 102:

(a) Included within other loans as disclosed in note 20 - creditors: due within one year, note 21 - creditors: due in more than 1 year and note 22 - other loans, is a total balance of £149,090 (2018 : £229,586) owed by the company to the Young Pension Fund.

Key management are considered to be the directors of the company.