

Company Registration No. 00650649 (England and Wales)

F.P. (TOOLS) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020



F.P. (TOOLS) LIMITED

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F.P. (TOOLS) LIMITED

COMPANY INFORMATION

Directors	Mr S Dale	
	Mr R Dale	(Appointed 31 January 2020)
	Mr J Dale	(Appointed 31 January 2020)

Company number	00650649
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Registered office	Warwick House Tyseley Lane Tyseley Birmingham West Midlands UK B11 3PX
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Auditor	Wallace Crooke Wallace House 20 Birmingham Road Walsall West Midlands WS1 2LT
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F.P. (TOOLS) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present the strategic report for the year ended 30 September 2020.

Fair review of the business

The directors are satisfied with the performance of the company during the twelve months to 30 September 2020 given the challenges of COVID-19. Sales have been meaningfully impacted as many factories were closed or operated on reduced shifts during the various UK lockdowns. Swift action in regard to reducing costs enabled the company to remain profitable during the year. The company has made further improvements in processes in order to increase efficiency and ensure that customer service level expectations are met and exceeded. These improvements have led to cost efficiencies throughout the business and the appropriate reduction in headcount.

Principal risks and uncertainties

The company faces a few risks and uncertainties including the impacts of Brexit and Coronavirus being the most notable. The directors do not envisage Brexit to have much impact and plans are in place to counter any supply constraints. The principle risk therefore derives from how quickly our customers recover from the impacts that Coronavirus have had on their production levels and output. Each lockdown has impacted the number of shifts our customers are operating and every reduction causes a similar reduction in the level of our goods, that they are consuming. We are encouraged at how sales picked up after each lockdown, so we are hopeful that we will see good recovery if the government's timetable for easing of restrictions is close to accurate. We have also taken steps to reduce our cost base, so we are now able to operate at meaningfully reduced levels if recovery is slower than anticipated.

Price risk, credit risk, liquidity risk and cashflow risk

Price risk: It is critical that the company is able to meet and exceed the high expectations of its customers and be able to supply a wide range of products at extremely competitive prices. The company is able to meet these objectives because it has a long experience of operating in its current marketplace as well as strong relationships with a large number of suppliers. If price increases are unavoidable they are only ever implemented after intense negotiations, and at certain points of the calendar.

Credit risk: the company follows strict internal procedures before setting up new accounts and has credit insurance in place on its customers. Early warnings from these insurers mean that the company is able to react quickly in the light of any adverse financial information.

Liquidity risk: Support from Barclays and the government's coronavirus business support schemes has meant that we have maintained good levels of liquidity during this year. The company's assets and financial liabilities are rigorously monitored to ensure that sufficient funds are on hand and in place when needed.

Cash flow risk: Credit control is tightly managed at a high level and any financial exposure closely monitored. This means the company is able to mitigate against any potential risks to its cash flow.

F.P. (TOOLS) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Other information and explanations

Future Developments

The directors believe that there is good opportunity to rapidly grow sales as the country emerges from the pandemic. Our existing customers report strong order books and many report that their projects and sales pipelines over the past year were 'shelved' rather than 'lost'.

New sales accounts have been gained through the pandemic period and our new sales strategy has broadened our customer base. While our customers who operate in automotive, manufacturing, aerospace and oil and gas industries have been adversely affected during Covid, there are industries which have thrived and we have expanded our footprint in these sectors. We will continue to broaden our sales profile across more customers and more sectors.

Financial Instruments

The company does not have excessive exposure to risks in respect of price, credit, interest rates, or liquidity. The company has secured a six year CBIL which has given the company increased security. The company's transactions are almost entirely made in the functional currency being sterling (GBP£) so there is very little exposure to movements in currency exchange rates, meaning that the company does not use currency hedging as a financial instrument.

Research and Development

The company was in the process of investigating expanding their automated vending machine capability and updating their financial systems, however the pandemic caused these to be put on hold. We will be renewing these workstreams as we come closer to normal trading levels.

On behalf of the board

.....
Mr J Dale
Director

Date:

11 May 2021

F.P. (TOOLS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present their annual report and financial statements for the year ended 30 September 2020.

Principal activities

The principal activity of the company is the distribution and logistical management of factory consumables. This includes, but is not limited to: the supply of tooling, health and safety equipment and janitorial products.

Results and dividends

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

Ordinary dividends were paid amounting to £2,706,152. The directors do not recommend payment of a final dividend.

Directors

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

Mr S Dale	
Mr R Parkin	(Resigned 31 January 2020)
Mr P Parkin	(Resigned 31 January 2020)
Mr R Dale	(Appointed 31 January 2020)
Mr J Dale	(Appointed 31 January 2020)

Directors' insurance

The company pays for insurance cover to provide protection for the Directors from third party actions against them in connection with their duties as company directors

Future developments

Investment in automation and IT across the whole of the company will be renewed as we begin to emerge from the pandemic, as it is a core enabler in improving our service delivery and in-house process efficiencies. This technological approach is resulting in improved efficiency, control over operating costs and more streamlined back office systems.

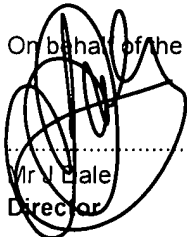
Auditor

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

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


.....
Mr J Dale
Director

Date:

11 May 2021

F.P. (TOOLS) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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.

F.P. (TOOLS) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF F.P. (TOOLS) LIMITED

Opinion

We have audited the financial statements of F.P. (Tools) Limited (the 'company') for the year ended 30 September 2020 which comprise the profit and loss account, 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 a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

F.P. (TOOLS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF F.P. (TOOLS) LIMITED

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.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

F.P. (TOOLS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF F.P. (TOOLS) LIMITED

The auditor's explanation of its audit response will depend on the risks identified but may include:

- Enquiry of management, those charged with governance and the entity's solicitors (or in-house legal team) around actual and potential litigation and claims.
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing internal audit reports.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

ICAEW guidance relating to reporting on irregularities, November 2020, based on ISA 700 A39-1 to A39-5

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

Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.



Martin Jones FCA (Senior Statutory Auditor)

11 May 2021

**Chartered Accountants
Statutory Auditor**

Wallace House
20 Birmingham Road
Walsall
West Midlands
WS1 2LT

F.P. (TOOLS) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	9,795,365	16,355,180
Cost of sales		(7,368,748)	(12,256,806)
Gross profit		2,426,617	4,098,374
Distribution costs		(55,649)	(86,004)
Administrative expenses		(2,381,169)	(2,739,317)
Other operating income		225,183	-
Operating profit	4	214,982	1,273,053
Interest receivable and similar income	8	3,647	7,927
Interest payable and similar expenses	9	(9,531)	(782)
Profit before taxation		209,098	1,280,198
Tax on profit	10	(42,019)	(242,967)
Profit for the financial year		167,079	1,037,231

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

F.P. (TOOLS) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020 £	2019 £
Profit for the year	167,079	1,037,231
Other comprehensive income		
Adjustments to the fair value of financial assets	(99,488)	-
Total comprehensive income for the year	<u>67,591</u>	<u>1,037,231</u>

F.P. (TOOLS) LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Intangible assets	13		8,700		11,600
Tangible assets	14		748,640		886,176
			<u>757,340</u>		<u>897,776</u>
Current assets					
Stocks	16	342,933		339,958	
Debtors	17	4,013,710		2,258,780	
Cash at bank and in hand		421,702		3,925,004	
		<u>4,778,345</u>		<u>6,523,742</u>	
Creditors: amounts falling due within one year	18	(2,147,634)		(2,335,556)	
Net current assets			<u>2,630,711</u>		<u>4,188,186</u>
Total assets less current liabilities			<u>3,388,051</u>		<u>5,085,962</u>
Creditors: amounts falling due after more than one year	19		(944,083)		-
Provisions for liabilities					
Deferred tax liability	21	20,824		24,257	
		<u>(20,824)</u>		<u>(24,257)</u>	
Net assets			<u><u>2,423,144</u></u>		<u><u>5,061,705</u></u>
Capital and reserves					
Called up share capital	23		4,000		4,000
Revaluation reserve	24		424,056		519,439
Capital redemption reserve	25		22,200		22,200
Profit and loss reserves	26		1,972,888		4,516,066
Total equity			<u><u>2,423,144</u></u>		<u><u>5,061,705</u></u>

The financial statements were approved by the board of directors and authorised for issue on 11 May 2021 and are signed on its behalf by:

Mr J Dale
Director

Company Registration No. 00650649

F.P. (TOOLS) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	Share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 October 2018		4,000	526,973	22,200	4,301,301	4,854,474
Year ended 30 September 2019:						
Profit and total comprehensive income for the year		-	-	-	1,037,231	1,037,231
Dividends	11	-	-	-	(830,000)	(830,000)
Other movements		-	(7,534)	-	7,534	-
Balance at 30 September 2019		4,000	519,439	22,200	4,516,066	5,061,705
Year ended 30 September 2020:						
Profit for the year		-	-	-	167,079	167,079
Other comprehensive income:						
Adjustments to fair value of financial assets		-	(99,488)	-	-	(99,488)
Total comprehensive income for the year		-	(99,488)	-	167,079	67,591
Dividends	11	-	-	-	(2,706,152)	(2,706,152)
Other movements		-	4,105	-	(4,105)	-
Balance at 30 September 2020		4,000	424,056	22,200	1,972,888	2,423,144

F.P. (TOOLS) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	31	(2,128,434)		2,306,882	
Interest paid		(9,531)		(782)	
Income taxes paid		-		(237,701)	
Net cash (outflow)/inflow from operating activities		(2,137,965)		2,068,399	
Investing activities					
Purchase of intangible assets		-	(14,500)		
Purchase of tangible fixed assets		(8,799)	(78,498)		
Proceeds on disposal of tangible fixed assets		-	6,550		
Receipts arising from loans made		-	2,057		
Interest received		3,647	7,927		
Net cash used in investing activities		(5,152)		(76,464)	
Financing activities					
Proceeds of new bank loans		1,104,000	-		
Repayment of bank loans		(58,917)	-		
Dividends paid		(2,706,152)	(830,000)		
Net cash used in financing activities		(1,661,069)		(830,000)	
Net (decrease)/increase in cash and cash equivalents		(3,804,186)		1,161,935	
Cash and cash equivalents at beginning of year		3,925,004		2,763,069	
Cash and cash equivalents at end of year		120,818		3,925,004	
Relating to:					
Cash at bank and in hand		421,702		3,925,004	
Bank overdrafts included in creditors payable within one year		(300,884)		-	

F.P. (TOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

Company information

F.P. (Tools) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Warwick House, Tyseley Lane, Tyseley, Birmingham, West Midlands, UK, B11 3PX.

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

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.

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.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Software	20% straight line basis
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1.5 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.

F.P. (TOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

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:

Freehold land and buildings	2% straight line basis
Plant and equipment	15% on reducing balance
Fixtures and fittings	15% on reducing balance
Computers	20% on straight line basis
Motor vehicles	25% reducing balance

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.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

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.

F.P. (TOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.8 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.

1.9 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.

Other financial assets

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

Impairment of financial assets

Financial assets, 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.

F.P. (TOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

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.

Derecognition of financial liabilities

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

1.10 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.

1.11 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.

F.P. (TOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

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

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

1.14 Leases

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.

1.15 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.

1.16 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.

F.P. (TOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

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

	2020 £	2019 £
Turnover analysed by class of business		
Sale of Goods	9,795,365	16,355,180
	2020 £	2019 £
Other significant revenue		
Interest income	3,647	7,927
Grants received	225,183	-
	2020 £	2019 £
Turnover analysed by geographical market		
UK	9,089,534	14,567,275
Europe	352,637	223,460
Rest of World	353,194	1,564,445
	9,795,365	16,355,180

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	8,196	-
Government grants	(225,183)	-
Depreciation of owned tangible fixed assets	33,234	47,314
Impairment of owned tangible fixed assets	13,613	-
Amortisation of intangible assets	2,900	2,900
(Profit)/loss on disposal of intangible assets	-	188
Operating lease charges	115,358	141,409

F.P. (TOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	14,000	10,000
For other services		
All other non-audit services	3,000	-

6 Employees

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

	2020 Number	2019 Number
Directors	3	3
Sales	14	20
Distribution	19	20
Administration	8	8
Purchasing	3	3
Finance	2	1
Total	49	55

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	1,300,090	1,683,599
Social security costs	158,099	187,452
Pension costs	146,756	184,100
	1,604,945	2,055,151
Redundancy payments made or committed	46,107	-

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	272,791	417,028

F.P. (TOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

7 Directors' remuneration

(Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2019 - 3).

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

	2020 £	2019 £
Remuneration for qualifying services	114,347	176,084
Company pension contributions to defined contribution schemes	20,886	10,000

8 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	3,647	7,927

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	3,647	7,927
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9 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	9,513	-
Other finance costs:		
Interest on finance leases and hire purchase contracts	18	782
	9,531	782

10 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	45,452	241,150
Deferred tax		
Origination and reversal of timing differences	(3,433)	1,817
Total tax charge	42,019	242,967

F.P. (TOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

10 Taxation

(Continued)

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

	2020 £	2019 £
Profit before taxation	209,098	1,280,198
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	39,729	243,238
Tax effect of expenses that are not deductible in determining taxable profit	2,290	2,537
Other non-reversing timing differences	-	(2,808)
Taxation charge for the year	42,019	242,967

11 Dividends

	2020 Per share £	2019 Per share £	2020 Total £	2019 Total £
Ordinary shares				
Interim paid	676.54	207.50	2,706,152	830,000

12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2020 £	2019 £
In respect of:			
Property, plant and equipment	14	13,613	-
Recognised in:			
Administrative expenses		13,613	-

F.P. (TOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

13 Intangible fixed assets

	Software £
Cost	
At 1 October 2019 and 30 September 2020	14,500
Amortisation and impairment	
At 1 October 2019	2,900
Amortisation charged for the year	2,900
At 30 September 2020	5,800
Carrying amount	
At 30 September 2020	8,700
At 30 September 2019	11,600

More information on impairment movements in the year is given in note 12.

14 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost or valuation						
At 1 October 2019	740,000	264,741	173,445	474,857	3,000	1,656,043
Additions	-	-	524	8,275	-	8,799
Revaluation	(110,000)	-	-	-	-	(110,000)
At 30 September 2020	630,000	264,741	173,969	483,132	3,000	1,554,842
Depreciation and impairment						
At 1 October 2019	11,872	131,595	160,434	462,982	2,984	769,867
Depreciation charged in the year	6,300	17,983	2,001	6,950	-	33,234
Impairment losses	-	13,257	-	340	16	13,613
Revaluation	(10,512)	-	-	-	-	(10,512)
At 30 September 2020	7,660	162,835	162,435	470,272	3,000	806,202
Carrying amount						
At 30 September 2020	622,340	101,906	11,534	12,860	-	748,640
At 30 September 2019	728,128	133,146	13,011	11,875	16	886,176

F.P. (TOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

14 Tangible fixed assets

(Continued)

The carrying value of land and buildings comprises:

	2020 £	2019 £
Freehold	622,340	728,128

More information on impairment movements in the year is given in note 12.

Land and buildings held in England with a carrying amount of ££545,000.00 were revalued at 9 January 2020 by Chivers Commercial, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

Land and buildings held in Scotland with a carrying amount of ££85,000.00 were revalued by Shepherd Chartered Surveyors, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

The revaluation surplus is disclosed in note 24.

Land and buildings in England are carried at valuation. If land and buildings in England were measured using the cost model, the carrying amounts would have been approximately £131,601 (2019 - £135,080), being cost £346,504 (2019 - £346,504) and depreciation £214,903 (2019 - £211,424).

Land and buildings in Scotland are carried at valuation. If land and buildings in Scotland were measured using the cost model, the carrying amounts would have been approximately £11,303 (2019 - £12,130), being cost £55,135 (2019 - £55,135) and depreciation £43,832 (2019 - £43,005).

15 Financial instruments

2020 £	2019 £
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16 Stocks

2020 £	2019 £
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Raw materials and consumables	342,933	339,958
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F.P. (TOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

17 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	1,664,685	2,185,598
Amounts owed by group undertakings	2,250,300	-
Other debtors	8,126	312
Prepayments and accrued income	90,599	72,870
	<u>4,013,710</u>	<u>2,258,780</u>

18 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	20	401,884	-
Trade creditors		1,073,711	1,507,179
Corporation tax		286,602	241,150
Other taxation and social security		216,020	130,853
Other creditors		-	1,207
Accruals and deferred income		169,417	455,167
		<u>2,147,634</u>	<u>2,335,556</u>

The above bank loans and overdrafts are secured by a fixed charge on the Freehold Land and Buildings in England and Scotland together with a floating charge over the stock and trade debtors.

19 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	20	<u>944,083</u>	<u>-</u>

20 Loans and overdrafts

	2020 £	2019 £
Bank loans	1,045,083	-
Bank overdrafts	300,884	-
	<u>1,345,967</u>	<u>-</u>
Payable within one year	401,884	-
Payable after one year	<u>944,083</u>	<u>-</u>

F.P. (TOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

20 Loans and overdrafts

(Continued)

£244,083 of the long-term loans are secured by fixed charges over the freehold land and buildings in England and Scotland together with a floating charge over the stock and trade debtors. The balance of the long-term loans amounting to £700,000 are guaranteed by HM Government under the CBIL's legislation.

21 Deferred taxation

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

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	20,824	24,257
Movements in the year:		2020 £
Liability at 1 October 2019		24,257
Credit to profit or loss		(3,433)
Liability at 30 September 2020		20,824

The deferred tax liability set out above is expected to reverse within [12 months] and relates to accelerated capital allowances that are expected to mature within the same period.

22 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	146,756	184,100

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.

The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £146,756 (2019 £203,819).

Contributions totalling £10,025 (2019 £11,387) were payable to the scheme at the end of the year and are included in creditors.

23 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	4,000	4,000	4,000	4,000

F.P. (TOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

24 Revaluation reserve

The revaluation reserve is a non-distributable reserve and represents the increased value arising on the revaluation of tangible fixed assets less any attributable tax arising on such increased value

25 Capital redemption reserve

The capital redemption reserve is a non-distributable reserve and represents previously issued paid up share capital.

26 Profit and loss reserves

The retained earnings is a distributable reserve and represents the net income remaining from current and past years after payment of dividends to shareholders.

27 Operating lease commitments

Lessee

The amount of non-cancellable operating lease payments recognised as an expense during the year was £155,850 (2018 - £155,130).

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

	2020 £	2019 £
Within one year	24,707	61,235
Between two and five years	4,229	23,143
	<u>28,936</u>	<u>84,378</u>

28 Guarantee

The companies Bankers have provided a guarantee to HM Revenue & Customs in connection with the Duty Deferment for goods imported from outside the European Union. The amount guaranteed is £160,000 (2019 £160,000).

29 Directors' transactions

During the year the company paid £32,000 (2019 £Nil) on normal commercial terms and at an arms length rate to a company owned by Mr J Dale for his services to this company.

30 Ultimate controlling party

The immediate and ultimate parent undertaking is F P Tools Holdings Limited company number 12349514. The group is small for the current year and is therefore exempt from preparing group accounts.

F.P. (TOOLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

31 Cash (absorbed by)/generated from operations

	2020 £	2019 £
Profit for the year after tax	167,079	1,037,231
Adjustments for:		
Taxation charged	42,019	242,967
Finance costs	9,531	782
Investment income	(3,647)	(7,927)
(Gain)/loss on disposal of intangible assets	-	188
Amortisation and impairment of intangible assets	2,900	2,900
Depreciation and impairment of tangible fixed assets	46,847	47,314
Movements in working capital:		
(Increase)/decrease in stocks	(2,975)	408,586
(Increase)/decrease in debtors	(1,754,930)	1,263,863
Decrease in creditors	(635,258)	(689,022)
Cash (absorbed by)/generated from operations	(2,128,434)	2,306,882

32 Analysis of changes in net funds/(debt)

	1 October 2019 £	Cash flows £	30 September 2020 £
Cash at bank and in hand	3,925,004	(3,503,302)	421,702
Bank overdrafts	-	(300,884)	(300,884)
	3,925,004	(3,804,186)	120,818
Borrowings excluding overdrafts	-	(1,045,083)	(1,045,083)
	3,925,004	(4,849,269)	(924,265)