

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2019
FOR
G W ATKINS & SONS LIMITED**

Magma Audit LLP
Chartered Accountants
Statutory Auditor
Unit 2, Charnwood Edge Business Park
Syston Road
Leicestershire
LE7 4UZ

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for the year ended 31 October 2019

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G W ATKINS & SONS LIMITED
COMPANY INFORMATION
for the year ended 31 October 2019

DIRECTORS:

P P Danes
C R F Shield

SECRETARY:

C R F Shield

REGISTERED OFFICE:

365 Fosse Way
Syston
Leicester
Leicestershire
LE7 1NL

BUSINESS ADDRESS:

Station Road
Burton Latimer
Kettering
Northamptonshire
NN15 5JP

REGISTERED NUMBER:

00944323 (England and Wales)

AUDITORS:

Magma Audit LLP
Chartered Accountants
Statutory Auditor
Unit 2, Charnwood Edge Business Park
Syston Road
Leicestershire
LE7 4UZ

STRATEGIC REPORT
for the year ended 31 October 2019

The directors present their strategic report for the year ended 31 October 2019.

The principal activity of the year under review was that of the production and sale of precision aluminium components.

REVIEW OF BUSINESS

The Board are pleased to see that the business has returned a satisfactory profit after a number of years of losses. The strategy developed by the board to reduce costs and transition the business towards the low pressure foundry operations producing larger, more complex components, has enabled the overheads to be reduced at the same time as increasing turnover compared to the cost base.

The Board intends to continue this strategy in the coming years with an ongoing diversification of customers for the business. Continued investment into the production processes as well as growing revenue streams through additional added value activities should leave the company in good shape to benefit for a number of years to come.

In terms of post year end updates it was initially clear that there was a downturn in a number of markets, predominantly the automotive sector with typical demand down circa 30%. This period of reduced demand then led into the Covid 19 lockdown which was largely unforeseen by much of industry. At various points from end of March most customers closed and as a result turnover dramatically declined. The Board have taken extreme actions to secure the future of the business, with a combination of redundancy, Furlough and shutdowns to minimise costs. Since May/ June customers have started to return and business levels, although still reduced are recovering and the period appears to have been weathered. Tight control of cashflow has been maintained and the business has been able to manage a reserve cash position in case of a future lockdown event.

At the time of writing the business levels are continuing to grow and the Board are pleased to see that the business is trading positively. As a result the Board are able look forward with some confidence and are looking to develop future opportunities with other companies in the sector who are looking to restructure to drive further growth and profitability.

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks and uncertainties affecting the company are considered to relate to competition from overseas suppliers, global demand for our customer products and raw material costs. The company is well positioned with a capable supply chain, strong workforce and management team and growing reserves to meet these challenges allowing continual investment into the future.

FINANCIAL KEY PERFORMANCE INDICATORS

Turnover for the company increased by 23% in 2019. The directors are satisfied with the overall level of turnover in light of challenging trading conditions.

OTHER KEY PERFORMANCE INDICATORS

There are no significant non-financial key performance indicators which are relevant to understanding the position of the business.

ON BEHALF OF THE BOARD:

C R F Shield - Director

2 October 2020

**REPORT OF THE DIRECTORS
for the year ended 31 October 2019**

The directors present their report with the financial statements of the company for the year ended 31 October 2019.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the production and sale of precision aluminium components.

DIVIDENDS

No dividends will be distributed for the year ended 31 October 2019.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 November 2018 to the date of this report.

P P Danes
C R F Shield

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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.

FUTURE DEVELOPMENTS

Future developments have been detailed in the strategic report.

FINANCIAL INSTRUMENTS

The company uses financial instruments, other than derivatives, comprising cash and other liquid resources and various other items such as trade debtors, hire purchase, trade creditors and inter-company loans that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company's financial instruments are credit risk, liquidity risk and interest rate risk. The directors review and agree the policies for managing each of these risks and they are summarized below. The policies have remained unchanged from previous periods.

CREDIT RISK

In order to limit credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Debtor balances are reviewed on a regular basis in conjunction with debt ageing and collection history.

LIQUIDITY RISK

The company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely and profitably.

INTEREST RATE RISK

The company finances its operations through a mixture of retained profits, hire purchase and related company loans. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

**REPORT OF THE DIRECTORS
for the year ended 31 October 2019**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Magma Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

C R F Shield - Director

2 October 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF G W ATKINS & SONS LIMITED

Opinion

We have audited the financial statements of G W Atkins & Sons Limited (the 'company') for the year ended 31 October 2019 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 October 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 Report of the Directors.

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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF G W ATKINS & SONS LIMITED

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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.

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 a Report of the Auditors 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 Report of the Auditors.

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 a Report of the Auditors 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.

Luke Turner ACA FCCA (Senior Statutory Auditor)
for and on behalf of Magma Audit LLP
Chartered Accountants
Statutory Auditor
Unit 2, Charnwood Edge Business Park
Syston Road
Leicestershire
LE7 4UZ

2 October 2020

INCOME STATEMENT
for the year ended 31 October 2019

	Notes	2019 £	2018 £
TURNOVER	3	19,659,230	16,009,391
Cost of sales		<u>(15,044,186)</u>	<u>(17,562,665)</u>
GROSS PROFIT/(LOSS)		4,615,044	(1,553,274)
Administrative expenses		<u>(3,495,840)</u>	<u>(3,433,262)</u>
		1,119,204	(4,986,536)
Other operating income	4	<u>499,046</u>	<u>82,757</u>
OPERATING PROFIT/(LOSS)	6	1,618,250	(4,903,779)
Exceptional expenses	8	<u>-</u>	<u>3,000,000</u>
		1,618,250	(1,903,779)
Interest payable and similar expenses	9	<u>(52,289)</u>	<u>(151,886)</u>
PROFIT/(LOSS) BEFORE TAXATION		1,565,961	(2,055,665)
Tax on profit/(loss)	10	<u>67,033</u>	<u>509,357</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>1,632,994</u>	<u>(1,546,308)</u>

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME
for the year ended 31 October 2019

	Notes	2019 £	2018 £
PROFIT/(LOSS) FOR THE YEAR		1,632,994	(1,546,308)
OTHER COMPREHENSIVE INCOME			
Deferred tax movement		-	552,000
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		-	552,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,632,994</u>	<u>(994,308)</u>

The notes form part of these financial statements

BALANCE SHEET
31 October 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible assets	11	3,794,206	2,874,771
CURRENT ASSETS			
Stocks	12	2,197,965	1,208,895
Debtors	13	4,475,696	5,231,639
Cash at bank		83,187	579,593
		<u>6,756,848</u>	<u>7,020,127</u>
CREDITORS			
Amounts falling due within one year	14	<u>(7,826,607)</u>	<u>(9,023,901)</u>
NET CURRENT LIABILITIES		<u>(1,069,759)</u>	<u>(2,003,774)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,724,447	870,997
CREDITORS			
Amounts falling due after more than one year	15	(1,213,544)	(988,088)
PROVISIONS FOR LIABILITIES	18	-	(5,000)
NET ASSETS/(LIABILITIES)		<u>1,510,903</u>	<u>(122,091)</u>
CAPITAL AND RESERVES			
Called up share capital	19	60,000	60,000
Retained earnings	20	<u>1,450,903</u>	<u>(182,091)</u>
SHAREHOLDERS' FUNDS		<u>1,510,903</u>	<u>(122,091)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 2 October 2020 and were signed on its behalf by:

C R F Shield - Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 October 2019

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 November 2017	60,000	(3,439,873)	4,252,090	872,217
Changes in equity				
Movement in share capital - 5	-	-	552,000	552,000
Total comprehensive income	-	(1,546,308)	-	(1,546,308)
Transfer	-	4,804,090	(4,804,090)	-
Balance at 31 October 2018	<u>60,000</u>	<u>(182,091)</u>	<u>-</u>	<u>(122,091)</u>
Changes in equity				
Total comprehensive income	-	1,632,994	-	1,632,994
Balance at 31 October 2019	<u>60,000</u>	<u>1,450,903</u>	<u>-</u>	<u>1,510,903</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 2019

1. STATUTORY INFORMATION

G W Atkins & Sons Limited is a limited company, registered in England and Wales. Its registered office address is 365 Fosse Way, Syston, Leicester, Leicestershire the registered number is 00944323.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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

Going concern

The company had net current liabilities at the year end. Notwithstanding this, the directors believe that it is appropriate to adopt the going concern basis in the preparation of the financial statements. 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 despite the global pandemic which occurred after the year end. The directors have prepared financial forecasts which incorporate the impact of COVID-19 as far as possible, including cashflow forecasts and an assessment of available associated company support. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

The information is included in the consolidated financial statements of G W Atkins Holdings Limited as at 31 October 2019 and these financial statements may be obtained from G W Atkins Holdings Limited, Third Floor Two Colton Square, Leicester, Leicestershire, LE7 1QH.

Critical accounting 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.

Key sources of estimation uncertainty

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

Depreciation of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual lives of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of the assets and Tangible fixed assets note above for the useful economic lives for each class of asset.

Stock provisioning

Slow moving stock provisions are based on estimates of the likely recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2019

2. ACCOUNTING POLICIES - continued**Turnover**

Turnover 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:

Revenue is recognised on the date that the goods are despatched.

Tangible fixed assets

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

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

Freehold property	2% on a straight line basis
Plant & machinery	7 years on a straight line basis
Motor vehicles	3 years on a straight line basis
Fixtures & fittings	3 years on a straight line basis

Freehold land is not depreciated.

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.

Stocks

Stocks are stated at the lower of cost and 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.

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.

(i) 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.

(ii) Financial liabilities

Basic financial liabilities, including creditors and bank loans 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 receipts 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.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2019

2. ACCOUNTING POLICIES - continued

Equity instruments

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

Debtors

Basic financial assets, including trade and other debtors, are initially recognised at transaction price, 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. Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash and cash equivalents are represented by cash in hand, deposits held at call with financial institutions, and other short-term 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.

Creditors

Basic financial liabilities, including trade and other creditors, loans from third parties and loans from related parties, 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. Such instruments are subsequently carried at amortised cost using the effective interest method, less any impairment.

Taxation

The tax expense for the year comprises current and deferred tax.

Tax is recognised in profit or loss except that a change 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.

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.

Both current and deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

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

Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2019

2. ACCOUNTING POLICIES - continued**Provisions for liabilities**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

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.

Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

3. TURNOVER

The turnover and profit (2018 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2019 £	2018 £
Precision aluminium components	<u>19,659,230</u>	<u>16,009,391</u>
	<u>19,659,230</u>	<u>16,009,391</u>

An analysis of turnover by geographical market is given below:

	2019 £	2018 £
United Kingdom	<u>19,659,230</u>	<u>16,009,391</u>
	<u>19,659,230</u>	<u>16,009,391</u>

4. OTHER OPERATING INCOME

	2019 £	2018 £
Rents received	350,699	82,757
Sundry receipts	<u>148,347</u>	<u>-</u>
	<u>499,046</u>	<u>82,757</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2019

5. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	5,517,048	5,514,849
Social security costs	505,610	519,659
Other pension costs	126,640	97,734
	<u>6,149,298</u>	<u>6,132,242</u>

The average number of employees during the year was as follows:

	2019	2018
Directors	2	2
Production and administration	229	207
	<u>231</u>	<u>209</u>

	2019	2018
	£	£
Directors' remuneration	100,224	100,224
Directors' pension contributions to money purchase schemes	<u>6,098</u>	<u>6,098</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
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6. OPERATING PROFIT/(LOSS)

The operating profit (2018 - operating loss) is stated after charging/(crediting):

	2019	2018
	£	£
Other operating leases	765,572	688
Depreciation - owned assets	628,185	504,390
Profit on disposal of fixed assets	(12,191)	-
Foreign exchange differences	<u>(14,951)</u>	<u>8,596</u>

7. AUDITORS' REMUNERATION

	2019	2018
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	<u>5,730</u>	<u>11,750</u>

8. EXCEPTIONAL ITEMS

	2019	2018
	£	£
Waiver of loan owed to related undertaking	<u>-</u>	<u>(3,000,000)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2019

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Bank interest	-	107,045
Hire purchase	<u>52,289</u>	<u>44,841</u>
	<u>52,289</u>	<u>151,886</u>

10. TAXATION**Analysis of the tax credit**

The tax credit on the profit for the year was as follows:

	2019	2018
	£	£
Current tax:		
UK corporation tax	13,785	-
Adjustment to prior years	<u>(75,818)</u>	<u>(507,353)</u>
Total current tax	<u>(62,033)</u>	<u>(507,353)</u>
Deferred tax	<u>(5,000)</u>	<u>(2,004)</u>
Tax on profit/(loss)	<u>(67,033)</u>	<u>(509,357)</u>

UK corporation tax has been charged at 19% .

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018
	£	£
Profit/(loss) before tax	<u>1,565,961</u>	<u>(2,055,665)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	297,533	(390,576)
Effects of:		
Expenses not deductible for tax purposes	1,100	-
Capital allowances in excess of depreciation	(28,874)	-
Utilisation of tax losses	(259,464)	-
Adjustments to tax charge in respect of previous periods	(75,818)	(507,353)
Chargeable gain	-	862,220
Waiver of related company balance	-	(570,000)
Tax losses not recognised	-	96,352
R&D Expenditure Credit adjustment	(6,510)	-
Deferred tax movement due to reversal of timing differences	<u>5,000</u>	<u>-</u>
Total tax credit	<u>(67,033)</u>	<u>(509,357)</u>

Tax effects relating to effects of other comprehensive income

There were no tax effects for the year ended 31 October 2019.

	Gross	2018	Net
	£	Tax	£
Deferred tax movement	<u>552,000</u>	<u>-</u>	<u>552,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2019

11. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 November 2018	3,836,843	20,741	15,333	3,872,917
Additions	1,593,901	28,528	-	1,622,429
Disposals	(188,449)	-	(15,333)	(203,782)
At 31 October 2019	<u>5,242,295</u>	<u>49,269</u>	<u>-</u>	<u>5,291,564</u>
DEPRECIATION				
At 1 November 2018	968,088	16,854	13,204	998,146
Charge for year	623,033	5,152	-	628,185
Eliminated on disposal	(115,769)	-	(13,204)	(128,973)
At 31 October 2019	<u>1,475,352</u>	<u>22,006</u>	<u>-</u>	<u>1,497,358</u>
NET BOOK VALUE				
At 31 October 2019	<u>3,766,943</u>	<u>27,263</u>	<u>-</u>	<u>3,794,206</u>
At 31 October 2018	<u>2,868,755</u>	<u>3,887</u>	<u>2,129</u>	<u>2,874,771</u>

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

	2019 £	2018 £
Plant and machinery	<u>2,605,698</u>	<u>1,678,750</u>

The depreciation charge for the year on assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Plant and machinery	<u>394,943</u>	<u>265,950</u>

12. STOCKS

	2019 £	2018 £
Raw materials	500,189	383,526
Work-in-progress	1,283,630	797,361
Finished goods	414,146	28,008
	<u>2,197,965</u>	<u>1,208,895</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade debtors	2,799,492	3,306,847
Amounts owed by group undertakings	1,325,754	1,450,755
Other debtors	134,562	-
Tax	-	396,000
Prepayments and accrued income	215,888	78,037
	<u>4,475,696</u>	<u>5,231,639</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2019

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Hire purchase contracts (see note 16)	674,392	419,061
Trade creditors	3,196,775	4,295,659
Amounts owed to group undertakings	3,092,307	3,092,308
Social security and other taxes	82,966	193,126
VAT	310,448	343,466
Other creditors	-	200,000
Accruals and deferred income	469,719	480,281
	<u>7,826,607</u>	<u>9,023,901</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£	£
Hire purchase contracts (see note 16)	<u>1,213,544</u>	<u>988,088</u>

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2019	2018
	£	£
Net obligations repayable:		
Within one year	674,392	419,061
Between one and five years	<u>1,213,544</u>	<u>988,088</u>
	<u>1,887,936</u>	<u>1,407,149</u>

	Non-cancellable	operating
	2019	2018
	£	£
Within one year	625,000	625,000
Between one and five years	2,500,000	2,500,000
In more than five years	<u>8,601,000</u>	<u>9,226,000</u>
	<u>11,726,000</u>	<u>12,351,000</u>

Operating lease payments represent rentals payable by the company for property. The lease payments recognised as an expense in the year in relation to the property were £765,572.

17. SECURED DEBTS

The following secured debts are included within creditors:

	2019	2018
	£	£
Hire purchase contracts	<u>1,887,936</u>	<u>1,407,149</u>

18. PROVISIONS FOR LIABILITIES

	2019	2018
	£	£
Deferred tax	<u>-</u>	<u>5,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2019

18. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 November 2018	5,000
Credit to Income Statement during year	(5,000)
Balance at 31 October 2019	<u>-</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid: Number: Class:	Nominal value: £1	2019 £	2018 £
60,000 Ordinary		<u>60,000</u>	<u>60,000</u>

20. RESERVES**Revaluation reserve**

The revaluation reserve reflects unrealised gains on the revaluation of freehold property less the deferred tax impact.

Profit & loss account

The profit and loss account includes all current and prior period retained profits and losses.

21. PENSION COMMITMENTS

The company operates a defined contributions 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 £126,640 (2018 - £97,734).

22. CAPITAL COMMITMENTS

	2019 £	2018 £
Contracted but not provided for in the financial statements	<u>-</u>	<u>795,552</u>

23. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

During the year the company had transactions with the following related companies, all ultimately controlled by C R F Shield.

	2019 £	2018 £
Amounts due from/(to) Spaw Engineering Limited	(130,000)	(130,000)
Amounts due from/(to) Woolley GMC Engineering Limited	1,325,755	1,450,755
Amounts due from/(to) Shield Engineering (Syston) Limited	(2,962,308)	(2,962,308)
Purchases from Shield Engineering (Syston) Limited	121,124	175,579
Sales to Shield Engineering (Syston) Limited	1,557,880	958,482

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2019

24. POST BALANCE SHEET EVENTS

Since the balance sheet date, the world has suffered a COVID-19 outbreak and there has been volatility in the markets as a result.

The directors have considered the effect that this may have on the company, and although unclear what impact this will have in the longer term, the company is currently experiencing a positive start to the 2020 financial year. An estimate of the financial effect cannot therefore be made at this stage. The directors have assessed the above and consider the company to be a going concern.

Acquisition of Bridge Aluminium Limited

The company acquired the entire share capital of Bridge Aluminium Limited (formally Liberty Bridge Aluminium Ltd) on 20th Dec 2019 for £980,000. The acquisition was funded through an intercompany loan from Woolley GMC Engineering Company Limited.

25. ULTIMATE CONTROLLING PARTY

The parent company is G W Atkins & Sons Holdings Limited which is controlled by Mr C R F Shield.

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