

REGISTERED NUMBER: 05891820 (England and Wales)

Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Year Ended 31 October 2017
for
The Abbey Group Uk Limited

Contents of the Consolidated Financial Statements
for the Year Ended 31 October 2017

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Consolidated Income Statement	8
Consolidated Other Comprehensive Income	9
Consolidated Statement of Financial Position	10
Company Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Company Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14
Notes to the Consolidated Statement of Cash Flows	15
Notes to the Consolidated Financial Statements	16

The Abbey Group Uk Limited
Company Information
for the Year Ended 31 October 2017

DIRECTORS: Mrs J M Neal
R S Neal

SECRETARY: R S Neal

REGISTERED OFFICE: Beeley Wood Works
Beeley Wood Lane
Sheffield
South Yorkshire
S6 1ND

REGISTERED NUMBER: 05891820 (England and Wales)

AUDITORS: Sutton McGrath Hartley Limited
5 Westbrook Court
Sharrowvale Road
Sheffield
South Yorkshire
S11 8YZ

Group Strategic Report
for the Year Ended 31 October 2017

The directors present their strategic report of the company and the group for the year ended 31 October 2017.

REVIEW OF BUSINESS

The group has seen revenues increase but profits drop this year which is largely down to a competitive market place. The group expects to reverse this decline and press ahead with technological advancements in line with its expectations.

Turnover has risen by 8.68% in the year, whilst cost of sales has also risen by 20.62%.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is present in all business. The directors consider the major risks and uncertainties at this point in time are:

1. Product Mix

Commodity-like steel products face higher degrees of competition and are more exposed to price volatility. The main trade of the group produces higher value added products that provide above average margins, stable volumes and contribute to a reduction on relative earnings fluctuations.

2. Raw Material Position

The cost efficiency of the groups main operations is highly dependent on the cost and availability of raw materials. The group does not rely to heavily on one major supplier for raw materials which gives the group access to readily available raw materials at competitive prices.

3. Market Volatility

Being the the main trade of the group is operating in the steel industry, its earnings are exposed to cyclical changes to supply and demand resulting in price fluctuations that can lead to varied and volatile financial performance.

Management have significant experience in the steel industry which allows them to take a proactive response to cyclical changes in order to reduce the risk that market volatility has on the group's financial performance.

Group Strategic Report
for the Year Ended 31 October 2017

PERFORMANCE MONITORING

The board monitors the group's performance in a number of ways including key performance indicators. The key financial performance indicators for The Abbey Group are as follows:

	2017	2016
	£	£
Revenue	24,206,722	22,274,371
Operating profit per employee	18,163	55,786
Turnover per employee	122,877	127,282
Return on capital employed	8.2%	13.7%
Gross profit margin	30.55%	37.5%
Operating profit margin	14.8%	27.2%
Current Ratio	5.9:1	5.7:1

The revenue indicator represents the value of goods delivered to customers in the year and measures sales reduction in value terms.

The operating profit per employee indicator represents the contribution per employee and measures the growth per employee in value terms.

The turnover per production employee indicator represents the sales output per employee and measures production efficiency in value terms.

The return on capital employed indicator represents the value of return to the shareholder in the year through the activities of the group and measures return in value terms.

The gross profit margin is calculated by dividing the gross profit by revenue and measures the total profitability of product sales.

The operating profit margin is the profit generated by the group from its operations excluding finance and investment income and costs before taxation. This indicator measures overall profitability of the group for the year.

The current ratio indicator represents the value of the group's current assets against its current liabilities and measures the ability of the group to finance its operations as they fall due.

The board also considers the following key non-financial performance indicators:

1. Customer mix against plans.
2. Sales activities measured against results.

These non-financial indicators are reviewed regularly by the board.

ON BEHALF OF THE BOARD:

Mrs J M Neal - Director

13 July 2018

Report of the Directors
for the Year Ended 31 October 2017

The directors present their report with the financial statements of the company and the group for the year ended 31 October 2017.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of manufacturers, forgers and distributors of steel products.

DIVIDENDS

The total distribution of dividends for the year ended 31 October 2017 will be £ 1,975,000 .

FUTURE DEVELOPMENTS

The group plans to continue the growth into future years and the directors are focused and confident regarding business development in the future. The directors expect their overall general investments within the group to increase the group's trade and profits in future years.

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 2016 to the date of this report.

Mrs J M Neal
R S Neal

FINANCIAL INSTRUMENTS

The groups principal financial instruments comprise of bank balances, trade debtors, trade creditors and loans both to and from the companies which make up the group.

Due to the nature of the financial instruments used by the group there is no exposure to price risk. The group's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance in order to ensure all due amounts can be paid within the deadlines stipulated when credit is taken. The group makes use of additional funds held in excess of that required for the day to day running of the group by investing them in high interest accounts. These do have instant access to ensure money is available when required to meet any demands on cash flow.

In respect of loans to and from the group these comprise of loans both from and to directors and employees, these are interest free and payable on demand. The directors are aware of the group's financial position and would not withdraw funds unless the group had sufficient funds to satisfy the day to day running of the group.

Trade debtors are managed in respect of credit and cash flow risk by the regular monitoring of amounts outstanding for time limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet the amounts due.

EURO ISSUES

The group's systems are Euro compatible. The group has assessed the situation and does not anticipate any problems if the Euro is introduced in the UK.

DIRECTORS INDEMNITY PROVISIONS

The directors have been granted a qualifying third party indemnity provision under Section 234 of the Companies Act 2006. This indemnity does not provide cover in the event of a director being proven to have acted fraudulently or dishonestly.

Report of the Directors
for the Year Ended 31 October 2017

EMPLOYMENT POLICIES

The group has equal opportunities policies which are applied to job applicants and existing employees.

Full and fair consideration is given to the employment of disabled persons and the group has made, and will continue to make, every effort to retain and assist any individuals disabled in the course of their employment and to help with their rehabilitation.

Employees are made aware of the financial and economic factors affecting the achievements of the group companies for which they work and the way in which their personal contributions are of fundamental importance to the further success of the business.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Sutton McGrath Hartley Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mrs J M Neal - Director

13 July 2018

Report of the Independent Auditors to the Members of
The Abbey Group Uk Limited

Opinion

We have audited the financial statements of The Abbey Group Uk Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 October 2017 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, 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 group's and of the parent company affairs as at 31 October 2017 and of the group's 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 group 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 group'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 Group 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 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
The Abbey Group Uk Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 Statement of Directors' Responsibilities set out on page five, 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 group's and the parent 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 group or the parent 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.

Jonathon Dickens ACA (Senior Statutory Auditor)
for and on behalf of Sutton McGrath Hartley Limited
5 Westbrook Court
Sharrowvale Road
Sheffield
South Yorkshire
S11 8YZ

26 July 2018

Consolidated Income Statement
for the Year Ended 31 October 2017

	Notes	2017 £	2016 £
TURNOVER	3	24,206,722	22,274,371
Cost of sales		<u>16,810,378</u>	<u>13,936,210</u>
GROSS PROFIT		7,396,344	8,338,161
Administrative expenses		<u>3,835,121</u>	<u>2,327,051</u>
		3,561,223	6,011,110
Other operating income		<u>16,891</u>	<u>38,687</u>
OPERATING PROFIT	6	3,578,114	6,049,797
Interest receivable and similar income		<u>24,979</u>	<u>177,575</u>
		3,603,093	6,227,372
Gain/loss on revaluation of investment property		<u>(1,574,909)</u>	<u>-</u>
		2,028,184	6,227,372
Interest payable and similar expenses	7	<u>79</u>	<u>6,501</u>
PROFIT BEFORE TAXATION		2,028,105	6,220,871
Tax on profit	8	<u>738,014</u>	<u>1,270,401</u>
PROFIT FOR THE FINANCIAL YEAR		1,290,091	4,950,470
Profit attributable to:			
Owners of the parent		1,175,117	4,950,470
Non-controlling interests		<u>114,974</u>	<u>-</u>
		1,290,091	4,950,470

Consolidated Other Comprehensive Income
for the Year Ended 31 October 2017

	Notes	2017 £	2016 £
PROFIT FOR THE YEAR		1,290,091	4,950,470
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		-	-
FOR THE YEAR		<u>1,290,091</u>	<u>4,950,470</u>
Total comprehensive income attributable to:			
Owners of the parent		1,175,117	4,950,470
Non-controlling interests		<u>114,974</u>	-
		<u>1,290,091</u>	<u>4,950,470</u>

The Abbey Group Uk Limited (Registered number: 05891820)

Consolidated Statement of Financial Position
31 October 2017

	Notes	2017 £	£	2016 £	£
FIXED ASSETS					
Intangible assets	11	1,234,994		1,354,961	
Tangible assets	12	17,214,961		16,279,489	
Investments	13	68,850		68,850	
Investment property	14	3,520,783		4,307,000	
		<u>22,039,588</u>		<u>22,010,300</u>	
CURRENT ASSETS					
Stocks	15	508,196		533,662	
Debtors	16	9,186,536		6,673,464	
Cash at bank and in hand		<u>16,231,374</u>		<u>19,845,626</u>	
		<u>25,926,106</u>		<u>27,052,752</u>	
CREDITORS					
Amounts falling due within one year	17	<u>4,402,772</u>		<u>4,754,813</u>	
NET CURRENT ASSETS		<u>21,523,334</u>		<u>22,297,939</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>43,562,922</u>		<u>44,308,239</u>	
PROVISIONS FOR LIABILITIES	18	<u>(103,832)</u>		<u>(129,240)</u>	
NET ASSETS		<u>43,459,090</u>		<u>44,178,999</u>	
CAPITAL AND RESERVES					
Called up share capital	19	204		204	
Retained earnings	20	<u>43,378,912</u>		<u>44,178,795</u>	
SHAREHOLDERS' FUNDS		<u>43,379,116</u>		<u>44,178,999</u>	
NON-CONTROLLING INTERESTS	21	<u>79,974</u>		<u>-</u>	
TOTAL EQUITY		<u>43,459,090</u>		<u>44,178,999</u>	

The financial statements were approved by the Board of Directors on 13 July 2018 and were signed on its behalf by:

Mrs J M Neal - Director

The notes form part of these financial statements

The Abbey Group Uk Limited (Registered number: 05891820)

Company Statement of Financial Position
31 October 2017

	Notes	2017 £	£	2016 £	£
FIXED ASSETS					
Intangible assets	11		1,140,000		1,254,000
Tangible assets	12		4,127,581		4,416,058
Investments	13		68,956		68,956
Investment property	14		-		-
			<u>5,336,537</u>		<u>5,739,014</u>
CURRENT ASSETS					
Debtors	16	20,014,408		18,992,171	
CREDITORS					
Amounts falling due within one year	17	<u>200,408</u>		<u>198,852</u>	
NET CURRENT ASSETS			<u>19,814,000</u>		<u>18,793,319</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>25,150,537</u>		<u>24,532,333</u>
CAPITAL AND RESERVES					
Called up share capital	19		204		204
Retained earnings	20		<u>25,150,333</u>		<u>24,532,129</u>
SHAREHOLDERS' FUNDS			<u>25,150,537</u>		<u>24,532,333</u>
Company's profit for the financial year			<u>2,593,204</u>		<u>7,551,408</u>

The financial statements were approved by the Board of Directors on 13 July 2018 and were signed on its behalf by:

Mrs J M Neal - Director

The notes form part of these financial statements

Consolidated Statement of Changes in Equity
for the Year Ended 31 October 2017

	Called up share capital £	Retained earnings £	Total £	Non-controlling interests £	Total equity £
Balance at 1 November 2015	204	46,278,325	46,278,529	-	46,278,529
Changes in equity					
Dividends	-	(7,050,000)	(7,050,000)	-	(7,050,000)
Total comprehensive income	-	4,950,470	4,950,470	-	4,950,470
Balance at 31 October 2016	204	44,178,795	44,178,999	-	44,178,999
Changes in equity					
Dividends	-	(1,975,000)	(1,975,000)	(35,000)	(2,010,000)
Total comprehensive income	-	1,175,117	1,175,117	114,974	1,290,091
Balance at 31 October 2017	204	43,378,912	43,379,116	79,974	43,459,090

Company Statement of Changes in Equity
for the Year Ended 31 October 2017

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 November 2015	204	24,030,721	24,030,925
Changes in equity			
Dividends	-	(7,050,000)	(7,050,000)
Total comprehensive income	-	7,551,408	7,551,408
Balance at 31 October 2016	204	24,532,129	24,532,333
Changes in equity			
Dividends	-	(1,975,000)	(1,975,000)
Total comprehensive income	-	2,593,204	2,593,204
Balance at 31 October 2017	204	25,150,333	25,150,537

Consolidated Statement of Cash Flows
for the Year Ended 31 October 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	4,586,722	8,649,528
Interest paid		(79)	(6,501)
Tax paid		(1,678,895)	18,467
Net cash from operating activities		<u>2,907,748</u>	<u>8,661,494</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		-	20
Purchase of tangible fixed assets		(1,794,512)	(1,023,391)
Purchase of investment property		(788,692)	-
Sale of tangible fixed assets		30,250	13,500
Interest received		24,979	177,575
Net cash from investing activities		<u>(2,527,975)</u>	<u>(832,296)</u>
Cash flows from financing activities			
Amount introduced by directors		2,254,365	7,352,453
Amount withdrawn by directors		(4,238,390)	(2,455,947)
Equity dividends paid		(1,975,000)	(7,050,000)
Dividends paid to minority interests		(35,000)	-
Net cash from financing activities		<u>(3,994,025)</u>	<u>(2,153,494)</u>
(Decrease)/increase in cash and cash equivalents		<u>(3,614,252)</u>	<u>5,675,704</u>
Cash and cash equivalents at beginning of year	2	19,845,626	14,169,922
Cash and cash equivalents at end of year	2	<u>16,231,374</u>	<u>19,845,626</u>

The notes form part of these financial statements

Notes to the Consolidated Statement of Cash Flows
for the Year Ended 31 October 2017

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2017	2016
	£	£
Profit before taxation	2,028,105	6,220,871
Depreciation charges	948,760	1,079,756
Profit on disposal of fixed assets	-	(12,082)
Loss on revaluation of fixed assets	1,574,909	-
Finance costs	79	6,501
Finance income	(24,979)	(177,575)
	<u>4,526,874</u>	<u>7,117,471</u>
Decrease in stocks	25,466	290,665
(Increase)/decrease in trade and other debtors	(529,047)	1,380,994
Increase/(decrease) in trade and other creditors	<u>563,429</u>	<u>(139,602)</u>
Cash generated from operations	<u>4,586,722</u>	<u>8,649,528</u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 October 2017

	31/10/17	1/11/16
	£	£
Cash and cash equivalents	<u>16,231,374</u>	<u>19,845,626</u>

Year ended 31 October 2016

	31/10/16	1/11/15
	£	£
Cash and cash equivalents	<u>19,845,626</u>	<u>14,169,922</u>

Notes to the Consolidated Financial Statements
for the Year Ended 31 October 2017

1. STATUTORY INFORMATION

The Abbey Group Uk Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

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 as modified by the revaluation of certain assets.

Consolidation

The group accounts consolidate the accounts of The Abbey Group UK Limited and its subsidiary companies. The subsidiaries financial years are all coterminous with that of the company except for the subsidiary Royal Villa Number 22 Limited, whose financial year ended on 31 December 2017.

Interim accounts to 31 October 2017 for Royal Villa Number 22 Limited have been prepared and consolidated into the group accounts of The Abbey Group UK Limited.

Turnover

Turnover is the amount derived from ordinary activities and stated after trade discounts, other sales taxes and Value Added Tax.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of businesses in 2007, is being amortised evenly over its estimated useful life of twenty and sixteen years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- not provided
Long leasehold	- not provided
Plant and machinery	- 25% on cost, 25% on reducing balance, 20% on reducing balance, 10% on cost and 5% on reducing balance
Fixtures and fittings	- 25% on cost and 20% on cost
Motor vehicles	- 25% on cost and 20% on cost
Computer equipment	- 33% on cost

The directors consider that freehold properties are maintained in such a state of repair that their residual value is at least equal to their net book values. As a result, the corresponding depreciation would not be material and therefore is not charged to the profit and loss account.

The directors perform annual impairment reviews in accordance with the requirements of FRS102 section 17 and section 27 to ensure that the carrying value is not lower than the recoverable amount.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 October 2017

2. ACCOUNTING POLICIES - continued

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position 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.

Hire purchase and leasing commitments

Rentals paid 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

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities, or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 October 2017

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2017 £	2016 £
United Kingdom	20,428,771	17,494,031
Europe	1,442,619	1,945,755
Rest of the world	2,335,332	2,834,585
	<u>24,206,722</u>	<u>22,274,371</u>

4. EMPLOYEES AND DIRECTORS

	2017 £	2016 £
Wages and salaries	5,971,858	6,014,798
Social security costs	597,012	572,454
Other pension costs	91,377	248
	<u>6,660,247</u>	<u>6,587,500</u>

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

	2017	2016
Production and Manual	128	124
Administration	69	54
	<u>197</u>	<u>178</u>

5. DIRECTORS' EMOLUMENTS

	2017 £	2016 £
Directors' remuneration	<u>11,520</u>	<u>11,520</u>

6. OPERATING PROFIT

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

	2017 £	2016 £
Other operating leases	48,660	37,603
Depreciation - owned assets	828,790	959,790
Profit on disposal of fixed assets	-	(12,082)
Goodwill amortisation	119,967	119,968
Auditors' remuneration	11,790	11,230
Auditors' remuneration for non audit work	44,892	25,501
Foreign exchange differences	<u>408,703</u>	<u>(1,124,578)</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 October 2017

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Corporation Tax Interest	<u>79</u>	<u>6,501</u>

8. TAXATION

Analysis of the tax charge

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

	2017	2016
	£	£
Current tax:		
UK corporation tax	763,423	1,316,832
Prior Year Underprovision	-	(30,352)
Total current tax	<u>763,423</u>	<u>1,286,480</u>
Deferred tax	<u>(25,409)</u>	<u>(16,079)</u>
Tax on profit	<u>738,014</u>	<u>1,270,401</u>

Reconciliation of total tax charge included in profit and loss

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

	2017	2016
	£	£
Profit before tax	<u>2,028,105</u>	<u>6,220,871</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	405,621	1,244,174
Effects of:		
Expenses not deductible for tax purposes	331,020	25,027
Income not taxable for tax purposes	(3,378)	(2,416)
Depreciation in excess of capital allowances	53,215	43,920
Adjustments to tax charge in respect of previous periods	-	(30,352)
Tax charged at higher rates	-	6,127
Deferred tax movement	(25,409)	(16,079)
Effect of change in rates	(23,055)	-
Total tax charge	<u>738,014</u>	<u>1,270,401</u>

9. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

10. DIVIDENDS

	2017	2016
	£	£
Ordinary shares of £1 each		
Interim	<u>1,975,000</u>	<u>7,050,000</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 October 2017

11. INTANGIBLE FIXED ASSETS

Group

Goodwill
£

COST

At 1 November 2016
and 31 October 2017

2,057,321

AMORTISATION

At 1 November 2016
Amortisation for year
At 31 October 2017

702,360

119,967

822,327

NET BOOK VALUE

At 31 October 2017
At 31 October 2016

1,234,994

1,354,961

Company

Goodwill
£

COST

At 1 November 2016
and 31 October 2017

1,896,001

AMORTISATION

At 1 November 2016
Amortisation for year
At 31 October 2017

642,001

114,000

756,001

NET BOOK VALUE

At 31 October 2017
At 31 October 2016

1,140,000

1,254,000

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 October 2017

12. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Long leasehold £	Plant and machinery £
COST OR VALUATION			
At 1 November 2016	12,317,078	377,307	10,468,146
Additions	1,538,807	-	130,852
At 31 October 2017	13,855,885	377,307	10,598,998
DEPRECIATION			
At 1 November 2016	-	-	7,259,225
Charge for year	-	-	662,262
At 31 October 2017	-	-	7,921,487
NET BOOK VALUE			
At 31 October 2017	13,855,885	377,307	2,677,511
At 31 October 2016	12,317,078	377,307	3,208,921

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION				
At 1 November 2016	774,080	484,682	82,403	24,503,696
Additions	37,653	85,576	1,624	1,794,512
Disposals	-	(30,250)	-	(30,250)
At 31 October 2017	811,733	540,008	84,027	26,267,958
DEPRECIATION				
At 1 November 2016	472,023	427,238	65,721	8,224,207
Charge for year	91,834	63,922	10,772	828,790
At 31 October 2017	563,857	491,160	76,493	9,052,997
NET BOOK VALUE				
At 31 October 2017	247,876	48,848	7,534	17,214,961
At 31 October 2016	302,057	57,444	16,682	16,279,489

Cost or valuation at 31 October 2017 is represented by:

	Freehold property £	Long leasehold £	Plant and machinery £
Cost	13,855,885	377,307	10,598,998

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 October 2017

12. TANGIBLE FIXED ASSETS - continued

Group

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Cost	811,733	540,008	84,027	26,267,958

Company

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 November 2016 and 31 October 2017	3,662,966	6,135,033	261,719	266,407	10,326,125
DEPRECIATION					
At 1 November 2016	-	5,381,941	261,719	266,407	5,910,067
Charge for year	-	288,477	-	-	288,477
At 31 October 2017	-	5,670,418	261,719	266,407	6,198,544
NET BOOK VALUE					
At 31 October 2017	3,662,966	464,615	-	-	4,127,581
At 31 October 2016	3,662,966	753,092	-	-	4,416,058

13. FIXED ASSET INVESTMENTS

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Shares in group undertakings	-	-	106	106
Other investments not loans	68,850	68,850	68,850	68,850
	68,850	68,850	68,956	68,956

Additional information is as follows:

Group

Investments (neither listed nor unlisted) were as follows:

	2017 £	2016 £
Artwork	68,850	68,850

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 October 2017

13. **FIXED ASSET INVESTMENTS - continued**

Company

**Shares in
group
undertakings
£**

COST

At 1 November 2016
and 31 October 2017

106

NET BOOK VALUE

At 31 October 2017
At 31 October 2016

106

106

Investments (neither listed nor unlisted) were as follows:

	2017	2016
	£	£
Artwork	<u>68,850</u>	<u>68,850</u>

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries

Abbey Forged Products Limited

Registered office: Beeley Wood Works, Beeley Wood Lane Sheffield, S6 1ND

Nature of business: steel forgers

	% holding
Class of shares:	
Ordinary	100.00

	2017	2016
	£	£
Aggregate capital and reserves	19,827,465	19,750,910
Profit for the year	<u>2,051,555</u>	<u>4,447,525</u>

Forge UK Ltd

Registered office: Beeley Wood Works, Beeley Wood Lane Sheffield, S6 1ND

Nature of business: Dormant company

	% holding
Class of shares:	
Ordinary	100.00

	2017	2016
	£	£
Aggregate capital and reserves	<u>100</u>	<u>100</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 October 2017

13. **FIXED ASSET INVESTMENTS - continued**

Abbey Engineered Products Limited

Registered office: Beeley Wood Works, Beeley Wood Lane Sheffield, S6 1ND

Nature of business: sale of steel products

	% holding	2017 £	2016 £
Class of shares:			
Ordinary	80.00		
Aggregate capital and reserves		399,871	129,625
Profit for the year		<u>445,346</u>	<u>129,525</u>

Royal Villa Number 22 Limited

Registered office: Office of Tricor Services (BVI) Limited PO Box 3340, 2F Palm Grove House, Tortola

Nature of business: property investment

	% holding	2017 £	2016 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		(366,151)	64,682
Loss for the year		<u>(430,833)</u>	<u>(35,823)</u>

Ocean Drive Lot 2A Inc

Registered office: Beeley Wood Works, Beeley Wood Lane Sheffield, S6 1ND

Nature of business: property investment

	% holding	2017 £	2016 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		(26,455)	(26,455)
Loss for the year		<u>-</u>	<u>(14,627)</u>

Ocean Drive Lot 4a Inc

Registered office: Beeley Wood Works, Beeley Wood Lane Sheffield, S6 1ND

Nature of business: property investment

	% holding	2017 £	2016 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		(1,340,266)	(92,039)
Loss for the year		<u>(1,248,224)</u>	<u>(71,570)</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 October 2017

14. INVESTMENT PROPERTY

Group

	Total £
FAIR VALUE	
At 1 November 2016	4,307,000
Additions	788,692
Impairments	<u>(1,574,909)</u>
At 31 October 2017	<u>3,520,783</u>
NET BOOK VALUE	
At 31 October 2017	<u>3,520,783</u>
At 31 October 2016	<u>4,307,000</u>

Fair value at 31 October 2017 is represented by:

	£
Valuation in 2013	104,410
Valuation in 2017	<u>(1,574,909)</u>
Cost	<u>4,991,282</u>
	<u>3,520,783</u>

If investment properties had not been revalued they would have been included at the following historical cost:

	2017 £	2016 £
Cost	<u>4,991,282</u>	-
Aggregate depreciation	<u>(262,537)</u>	-

Investment properties were valued on an open market basis on 31 October 2017 by the Directors .

15. STOCKS

	Group 2017 £	2016 £
Work-in-progress	275,405	320,798
Finished goods	<u>232,791</u>	<u>212,864</u>
	<u>508,196</u>	<u>533,662</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 October 2017

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	4,508,309	4,386,138	-	-
Amounts owed by group undertakings	-	-	19,956,093	18,954,938
Other debtors	505,434	251,719	-	-
Directors' current accounts	3,946,785	1,962,760	-	-
Deferred tax asset	-	-	58,315	37,233
Prepayments	226,008	72,847	-	-
	9,186,536	6,673,464	20,014,408	18,992,171

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	3,087,294	2,448,037	(1)	2
Amounts owed to group undertakings	-	-	6	6
Tax	573,823	1,489,293	200,403	198,844
Social security and other taxes	158,579	141,813	-	-
VAT	357,867	348,411	-	-
Other creditors	43,216	8,735	-	-
Accrued expenses	181,993	318,524	-	-
	4,402,772	4,754,813	200,408	198,852

18. PROVISIONS FOR LIABILITIES

	Group	
	2017	2016
	£	£
Deferred tax	103,832	129,240
Group		
		Deferred tax
		£
Balance at 1 November 2016		129,240
Credit to Income Statement during year		(25,408)
Accelerated capital allowances		
Balance at 31 October 2017		103,832

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 October 2017

18. PROVISIONS FOR LIABILITIES - continued

Company

	Deferred tax £
Balance at 1 November 2016	(37,233)
Provided during year	(21,082)
Accelerated capital allowances	
Balance at 31 October 2017	<u>(58,315)</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
200	Ordinary	£1	200	200
4	B Ordinary	£1	<u>4</u>	<u>4</u>
			<u>204</u>	<u>204</u>

20. RESERVES

Group

	Retained earnings £
At 1 November 2016	44,178,795
Profit for the year	1,175,117
Dividends	(1,975,000)
At 31 October 2017	<u>43,378,912</u>

Company

	Retained earnings £
At 1 November 2016	24,532,129
Profit for the year	2,593,204
Dividends	(1,975,000)
At 31 October 2017	<u>25,150,333</u>

21. NON-CONTROLLING INTERESTS

As at 31.10.2017, the group owned 80% of Abbey Engineered Limited. At this date, reserves attributable to holdings outside of the group totalled £79,994.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 October 2017

22. RELATED PARTY DISCLOSURES

Included in debtors is an amount due from Mrs J M & Mr RS Neal, who are both directors of all related company and are the ultimate controlling parties. The loan is as follows:

	Balance brought forward as at 01/11/2016 £	Capital Introduced £	Drawings £	Balance carried forward as at 31/10/2017 £
Mrs J M and Mr R S Neal	(1,875,710)	2,167,315	(4,238,390)	(3,946,785)

The maximum outstanding balance due to the company from Mrs J M and Mr R S Neal during the year was £3,990,598.

The directors consider themselves to be the only key management personnel. See note 5 for their compensation.

23. POST BALANCE SHEET EVENTS

There are no events since the end of the year which require disclosure to the financial statements.

24. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr and Mrs Neal.

25. POWER TO AMEND FINANCIAL STATEMENTS

The directors have the power to amend the financial statements after they have been issued.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.