

**REGISTERED NUMBER: 06835899 (England and Wales)**

**C F Struthers (Holdings) Limited**

**Group Strategic Report, Report of the Director and**

**Consolidated Financial Statements for the Year Ended 31st December 2018**

Smailes Goldie  
Chartered Accountants  
Statutory Auditor  
Regent's Court  
Princess Street  
Hull  
East Yorkshire  
HU2 8BA

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*for the year ended 31st December 2018*

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# **C F Struthers (Holdings) Limited**

## **Company Information**

*for the year ended 31st December 2018*

**DIRECTOR:**

N Burton

**SECRETARY:**

M J Graves

**REGISTERED OFFICE:**

Millennium Works  
Valetta Street  
Hedon Road  
Hull  
East Yorkshire  
HU9 5NP

**REGISTERED NUMBER:**

06835899 (England and Wales)

**AUDITORS:**

Smailes Goldie  
Chartered Accountants  
Statutory Auditor  
Regent's Court  
Princess Street  
Hull  
East Yorkshire  
HU2 8BA

## **Group Strategic Report**

*for the year ended 31st December 2018*

The director presents his strategic report of the company and the group for the year ended 31st December 2018.

The principal activity of the company is that of fabrication engineers.

### **REVIEW OF BUSINESS**

Trading during this accounting period has been slow, mainly due to client project delays. The Director decided not to change the business strategy but to continue with its Waste Heat Recovery and Power plant focus. Owing to the low oil pricing worldwide only one Waste Heat Recovery contract was secured, the remaining turnover relied upon low margin site activities on Biomass Power Plants. The group will consider new marketing strategies during 2019, including a new website to encourage new business. During the period the group has reduced its overheads in line with the current business activity. Indications are that several new contracts will be confirmed during 2019 and as such the group remains optimistic for the future.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Director considers that the key risks for the business are meeting customers' constant higher expectations. The risk is managed by ensuring the group's quality systems are maintained, key members of staff retained and a focus on exceeding customer's expectations.

### **KEY PERFORMANCE INDICATORS**

The ultimate controlling party is also a director of the company and is closely involved in the company's activities. The company's director therefore believe that the analysis of the company's performance for the year using Key Performance Indicators is not necessary as the shareholder already understands the development, performance and position of the company.

### **FINANCIAL RISK MANAGEMENT**

The main financial risk, to which the group is exposed is cash flow management. The group manages this risk by closely monitoring and managing the funding position with use of the group's bank facility when required.

### **ON BEHALF OF THE BOARD:**

N Burton - Director

30th September 2019

## **Report of the Director**

*for the year ended 31st December 2018*

The director presents his report with the financial statements of the company and the group for the year ended 31st December 2018.

### **DIVIDENDS**

The total distribution of dividends for the year ended 31 December 2018 was £70,000.

### **DIRECTOR**

N Burton held office during the whole of the period from 1st January 2018 to the date of this report.

### **STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Group Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 director is 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 he 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 group's auditors are aware of that information.

### **AUDITORS**

The auditors, Smailes Goldie, will be proposed for re-appointment at the forthcoming Annual General Meeting.

### **ON BEHALF OF THE BOARD:**

N Burton - Director

30th September 2019

# **Report of the Independent Auditors to the Members of C F Struthers (Holdings) Limited**

## **Opinion**

We have audited the financial statements of C F Struthers (Holdings) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31st December 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 31st December 2018 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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 director is responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Director, 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 Group Strategic Report and the Report of the Director 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 Director have been prepared in accordance with applicable legal requirements.

# **Report of the Independent Auditors to the Members of C F Struthers (Holdings) 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 Director.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Responsibilities of director**

As explained more fully in the Statement of Director's Responsibilities set out on page three, the director is 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 director determines 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 director is 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 director either intends to liquidate the group or the parent company or to cease operations, or has 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](http://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.

Jeremy Allison BSc FCA CF (Senior Statutory Auditor)  
for and on behalf of Smailes Goldie  
Chartered Accountants  
Statutory Auditor  
Regent's Court  
Princess Street  
Hull  
East Yorkshire  
HU2 8BA

30th September 2019

**Consolidated Statement of Comprehensive Income**

*for the year ended 31st December 2018*

	Notes	2018 £	£	2017 £	£
<b>TURNOVER</b>	3		<b>6,090,102</b>		8,960,870
Cost of sales			<u><b>4,761,920</b></u>		<u>7,402,754</u>
<b>GROSS PROFIT</b>			<b>1,328,182</b>		1,558,116
Distribution costs		<b>146,697</b>		205,225	
Administrative expenses		<u><b>968,347</b></u>		<u>1,004,055</u>	
			<u><b>1,115,044</b></u>		<u>1,209,280</u>
<b>OPERATING PROFIT</b>	5		<b>213,138</b>		348,836
Interest receivable and similar income			<u><b>132</b></u>		<u>206</u>
			<b>213,270</b>		349,042
Interest payable and similar expenses	6		<u><b>16,635</b></u>		<u>18,245</u>
<b>PROFIT BEFORE TAXATION</b>			<b>196,635</b>		330,797
Tax on profit	7		<u><b>40,227</b></u>		<u>8,711</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>			<b>156,408</b>		322,086
<b>OTHER COMPREHENSIVE INCOME</b>			<u><b>-</b></u>		<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			<u><b>156,408</b></u>		<u>322,086</u>
Profit attributable to:					
Owners of the parent			<u><b>156,408</b></u>		<u>322,086</u>
Total comprehensive income attributable to:					
Owners of the parent			<u><b>156,408</b></u>		<u>322,086</u>



**C F Struthers (Holdings) Limited (Registered number: 06835899)**

**Consolidated Balance Sheet**

**31st December 2018**

	Notes	2018 £	£	2017 £	£
<b>FIXED ASSETS</b>					
Intangible assets	10		-		-
Tangible assets	11		<b>2,375,388</b>		2,400,813
Investments	12		<u>-</u>		<u>-</u>
			<b>2,375,388</b>		<b>2,400,813</b>
<b>CURRENT ASSETS</b>					
Stocks	13	<b>49,547</b>		65,852	
Debtors	14	<b>2,173,118</b>		3,158,586	
Cash at bank and in hand		<b>238,820</b>		277,309	
		<u><b>2,461,485</b></u>		<u>3,501,747</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	15	<u><b>1,627,175</b></u>		<u>2,682,241</u>	
<b>NET CURRENT ASSETS</b>			<u><b>834,310</b></u>		<u>819,506</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>3,209,698</b>		<b>3,220,319</b>
<b>CREDITORS</b>					
Amounts falling due after more than one year	16		<b>(16,222)</b>		(115,735)
<b>PROVISIONS FOR LIABILITIES</b>	20		<u><b>(28,762)</b></u>		<u>(26,278)</u>
<b>NET ASSETS</b>			<u><b>3,164,714</b></u>		<u><b>3,078,306</b></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		<b>60,000</b>		60,000
Share premium	22		<b>540,000</b>		540,000
Revaluation reserve	22		<b>766,430</b>		766,430
Retained earnings	22		<u><b>1,798,284</b></u>		<u>1,711,876</u>
<b>SHAREHOLDERS' FUNDS</b>			<u><b>3,164,714</b></u>		<u><b>3,078,306</b></u>

The financial statements were approved by the director on 30th September 2019 and were signed by:

N Burton - Director

**C F Struthers (Holdings) Limited (Registered number: 06835899)**

**Company Balance Sheet**

**31st December 2018**

	Notes	2018 £	£	2017 £	£
<b>FIXED ASSETS</b>					
Intangible assets	10		-		-
Tangible assets	11		-		-
Investments	12		<u>1,200,986</u>		<u>1,200,986</u>
			<u>1,200,986</u>		<u>1,200,986</u>
<b>CURRENT ASSETS</b>					
Debtors	14	<b>115,000</b>		115,000	
<b>CREDITORS</b>					
Amounts falling due within one year	15	<u><b>668,193</b></u>		<u>668,193</u>	
<b>NET CURRENT LIABILITIES</b>			<u><b>(553,193)</b></u>		<u><b>(553,193)</b></u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u><b>647,793</b></u>		<u><b>647,793</b></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		<b>60,000</b>		60,000
Share premium	22		<b>540,000</b>		540,000
Retained earnings	22		<u><b>47,793</b></u>		<u>47,793</u>
<b>SHAREHOLDERS' FUNDS</b>			<u><b>647,793</b></u>		<u><b>647,793</b></u>
Company's profit for the financial year			<u><b>70,000</b></u>		<u><b>100,000</b></u>

The financial statements were approved by the director on 30th September 2019 and were signed by:

N Burton - Director

**Consolidated Statement of Changes in Equity**

*for the year ended 31st December 2018*

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Share premium £</b>	<b>Revaluation reserve £</b>	<b>Total equity £</b>
<b>Balance at 1st January 2017</b>	60,000	1,489,790	540,000	766,430	2,856,220
<b>Changes in equity</b>					
Dividends	-	(100,000)	-	-	(100,000)
Total comprehensive income	-	322,086	-	-	322,086
<b>Balance at 31st December 2017</b>	<u>60,000</u>	<u>1,711,876</u>	<u>540,000</u>	<u>766,430</u>	<u>3,078,306</u>
<b>Changes in equity</b>					
Dividends	-	(70,000)	-	-	(70,000)
Total comprehensive income	-	156,408	-	-	156,408
<b>Balance at 31st December 2018</b>	<u>60,000</u>	<u>1,798,284</u>	<u>540,000</u>	<u>766,430</u>	<u>3,164,714</u>

**Company Statement of Changes in Equity**

*for the year ended 31st December 2018*

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Share premium £</b>	<b>Total equity £</b>
<b>Balance at 1st January 2017</b>	60,000	47,793	540,000	647,793
<b>Changes in equity</b>				
Dividends	-	(100,000)	-	(100,000)
Total comprehensive income	-	100,000	-	100,000
<b>Balance at 31st December 2017</b>	<u>60,000</u>	<u>47,793</u>	<u>540,000</u>	<u>647,793</u>
<b>Changes in equity</b>				
Dividends	-	(70,000)	-	(70,000)
Total comprehensive income	-	70,000	-	70,000
<b>Balance at 31st December 2018</b>	<u>60,000</u>	<u>47,793</u>	<u>540,000</u>	<u>647,793</u>

**Consolidated Cash Flow Statement**

*for the year ended 31st December 2018*

	Notes	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	390,468	(706,991)
Interest paid		(13,514)	(15,588)
Interest element of hire purchase payments paid		(3,121)	(2,657)
Tax paid		(152,086)	3,009
Net cash from operating activities		<u>221,747</u>	<u>(722,227)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(56,371)	(3,429)
Sale of tangible fixed assets		15,001	21,751
Interest received		132	206
Net cash from investing activities		<u>(41,238)</u>	<u>18,528</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		(90,000)	(90,000)
Hire purchase capital repayments		(58,998)	(65,404)
Equity dividends paid		(70,000)	(100,000)
Net cash from financing activities		<u>(218,998)</u>	<u>(255,404)</u>
<b>Decrease in cash and cash equivalents</b>		<u>(38,489)</u>	<u>(959,103)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	277,309	1,236,412
<b>Cash and cash equivalents at end of year</b>	2	<u>238,820</u>	<u>277,309</u>

## **Notes to the Consolidated Cash Flow Statement**

*for the year ended 31st December 2018*

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Profit before taxation	<b>196,635</b>	330,797
Depreciation charges	<b>97,483</b>	104,014
(Profit)/loss on disposal of fixed assets	<b>(1,688)</b>	2,787
Finance costs	<b>16,635</b>	18,245
Finance income	<b>(132)</b>	(206)
	<b>308,933</b>	455,637
Decrease/(increase) in stocks	<b>16,305</b>	(16,305)
Decrease/(increase) in trade and other debtors	<b>985,468</b>	(205,907)
Decrease in trade and other creditors	<b>(920,238)</b>	(940,416)
<b>Cash generated from operations</b>	<b><u>390,468</u></b>	<b><u>(706,991)</u></b>

### **2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

#### **Year ended 31st December 2018**

	<b>31.12.18</b>	<b>1.1.18</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	<b><u>238,820</u></b>	<b><u>277,309</u></b>

#### **Year ended 31st December 2017**

	<b>31.12.17</b>	<b>1.1.17</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	<b><u>277,309</u></b>	<b><u>1,236,412</u></b>

## **Notes to the Consolidated Financial Statements**

*for the year ended 31st December 2018*

### **1. STATUTORY INFORMATION**

C F Struthers (Holdings) 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**

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standards 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

#### **Basis of consolidation**

The consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings made up to 31st December 2018. The results of companies acquired in the period are included from the effective date of acquiring control.

#### **Going concern**

The director has assessed the risks and uncertainties that may affect the group's ability to trade as a going concern. The director has in particular considered the group's reliance on a major customer and the risk to the business if this customer ceases to purchase the group's products and services, or becomes unable to pay its debts to the group. The director is mindful that the group has secured new contracts on which work has already commenced and which have a positive cash flow. Following this assessment, the financial statements have been prepared on a going concern basis, this assumes that the group will continue to be able to meet its financial liabilities as they fall due in the foreseeable future.

#### **Turnover**

When the outcome of long term contracts can be estimated reliably, contract costs and turnover are recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to costs incurred to date and estimated costs to complete. Where the outcome cannot be measured reliably, contract costs are recognised as an expense in the period in which they are incurred and contract turnover is recognised to the extent of costs incurred that it is probable will be recoverable. When it is probable that contract costs will exceed the total contract turnover, the expected loss is recognised as an expense immediately, with a corresponding provision.

#### **Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 2009, is being amortised evenly over its estimated useful life of five years.

Goodwill on consolidation represents the difference between the consideration paid and the fair value of the net assets acquired.

#### **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.

## **Notes to the Consolidated Financial Statements - continued**

*for the year ended 31st December 2018*

### **2. ACCOUNTING POLICIES - continued**

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold property	- 2.5% on cost
Improvement to leasehold property	- 20% on cost
Plant and machinery etc	- 10% on cost
Fixtures and fittings	- 10% - 33.33% on cost
Motor Vehicles	- 25% on cost

Freehold property is valued by the directors using information available from professional valuations.

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

Contract work in progress is included in debtors stated at net realisable value. Cumulative turnover (i.e. the total turnover recorded in respect of the contract in the profit and loss accounts of all accounting periods since inception of the contract) is compared with total payments on account. If turnover exceeds payments on account an "amount recoverable on contracts" is established and separately disclosed within debtors. If payments on account are greater than turnover to date, the excess is classified within creditors.

#### **Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, 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 balance sheet date.

#### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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.

#### **Research and development**

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



**Notes to the Consolidated Financial Statements - continued**

*for the year ended 31st December 2018*

**2. ACCOUNTING POLICIES - continued**

**Foreign currency**

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

**Hire purchase and leasing commitments**

Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future finance charges, are included in creditors. Minimum lease payments are apportioned between finance income and the reduction of the lease debtor with finance income allocated so as to produce a constant periodic rate of interest on the net investment in the finance lease. Rentals payable and receivable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. The company operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

**Investments**

The company's investments in subsidiary undertakings is stated at cost less provision for any impairment in value.

**Debtors and creditors receivable /payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in administrative expenses.

**3. TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the company wholly within the UK. The total amount of contract revenue recognised in the period was £6,090,102 (2017 £8,960,870).

**4. EMPLOYEES AND DIRECTORS**

	2018 £	2017 £
Wages and salaries	3,091,682	3,020,237
Social security costs	297,238	340,552
Other pension costs	127,497	125,392
	<u>3,516,417</u>	<u>3,486,181</u>

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

	2018	2017
Management	15	15
Manufacturing	64	66
	<u>79</u>	<u>81</u>

**Notes to the Consolidated Financial Statements - continued**

*for the year ended 31st December 2018*

**4. EMPLOYEES AND DIRECTORS - continued**

	2018	2017
	£	£
Director's remuneration	34,822	36,417
Director's pension contributions to money purchase schemes	<u>18,000</u>	<u>16,500</u>

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

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

**5. OPERATING PROFIT**

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

	2018	2017
	£	£
Depreciation - owned assets	61,613	67,013
Depreciation - assets on hire purchase contracts	35,870	37,001
(Profit)/loss on disposal of fixed assets	(1,688)	2,787
Auditors' remuneration	2,200	2,150
Auditors' remuneration for subsidiaries and other services	23,648	13,495
Operating lease rentals - Land and buildings	26,250	25,000
Operating lease rentals - Plant and machinery	<u>2,588</u>	<u>2,537</u>

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2018	2017
	£	£
Bank interest	9,718	7,018
Other interest	3,796	8,570
Hire purchase interest	<u>3,121</u>	<u>2,657</u>
	<u>16,635</u>	<u>18,245</u>

**7. TAXATION**

**Analysis of the tax charge**

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

	2018	2017
	£	£
Current tax:		
UK corporation tax	37,743	79,667
Over/Under provision	-	(55,867)
Total current tax	<u>37,743</u>	<u>23,800</u>
Deferred tax	<u>2,484</u>	<u>(15,089)</u>
Tax on profit	<u>40,227</u>	<u>8,711</u>

**Notes to the Consolidated Financial Statements - continued**

*for the year ended 31st December 2018*

**7. TAXATION - continued**

**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:

	2018 £	2017 £
Profit before tax	<u>196,635</u>	<u>330,797</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%)	<b>37,361</b>	62,851
Effects of:		
Expenses not deductible for tax purposes	<b>2,866</b>	2,775
R&D refund	-	(55,867)
Change in tax rates	-	(1,048)
Total tax charge	<u><b>40,227</b></u>	<u>8,711</u>

**8. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME**

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £70,000 (2017 £100,000).

**9. DIVIDENDS**

	2018 £	2017 £
Ordinary shares shares of £1 each		
Interim	<u><b>70,000</b></u>	<u>100,000</u>

**10. INTANGIBLE FIXED ASSETS**

**Group**

	<b>Goodwill £</b>
<b>COST</b>	
At 1st January 2018	
and 31st December 2018	<u><b>97,685</b></u>
<b>AMORTISATION</b>	
At 1st January 2018	
and 31st December 2018	<u><b>97,685</b></u>
<b>NET BOOK VALUE</b>	
At 31st December 2018	<u><u>-</u></u>
At 31st December 2017	<u><u>-</u></u>

# Notes to the Consolidated Financial Statements - continued

for the year ended 31st December 2018

## 11. TANGIBLE FIXED ASSETS

### Group

	Freehold property £	Improvements to property £	Plant and machinery £
<b>COST OR VALUATION</b>			
At 1st January 2018	2,095,000	69,408	1,100,222
Additions	-	-	64,299
At 31st December 2018	<u>2,095,000</u>	<u>69,408</u>	<u>1,164,521</u>
<b>DEPRECIATION</b>			
At 1st January 2018	-	38,235	960,240
Charge for year	-	12,068	32,741
Eliminated on disposal	-	-	-
At 31st December 2018	<u>-</u>	<u>50,303</u>	<u>992,981</u>
<b>NET BOOK VALUE</b>			
At 31st December 2018	<u>2,095,000</u>	<u>19,105</u>	<u>171,540</u>
At 31st December 2017	<u>2,095,000</u>	<u>31,173</u>	<u>139,982</u>
	<b>Fixtures and fittings £</b>	<b>Motor vehicles £</b>	<b>Totals £</b>
<b>COST OR VALUATION</b>			
At 1st January 2018	104,509	256,742	3,625,881
Additions	21,072	-	85,371
Disposals	-	(31,950)	(31,950)
At 31st December 2018	<u>125,581</u>	<u>224,792</u>	<u>3,679,302</u>
<b>DEPRECIATION</b>			
At 1st January 2018	94,074	132,519	1,225,068
Charge for year	10,791	41,883	97,483
Eliminated on disposal	-	(18,637)	(18,637)
At 31st December 2018	<u>104,865</u>	<u>155,765</u>	<u>1,303,914</u>
<b>NET BOOK VALUE</b>			
At 31st December 2018	<u>20,716</u>	<u>69,027</u>	<u>2,375,388</u>
At 31st December 2017	<u>10,435</u>	<u>124,223</u>	<u>2,400,813</u>

**Notes to the Consolidated Financial Statements - continued**

*for the year ended 31st December 2018*

**11. TANGIBLE FIXED ASSETS - continued**

**Group**

Cost or valuation at 31st December 2018 is represented by:

	<b>Freehold property £</b>	<b>Improvements to property £</b>	<b>Plant and machinery £</b>
Valuation in 2012	313,699	-	-
Valuation in 2014	95,000	-	-
Cost	<u>1,686,301</u>	<u>69,408</u>	<u>1,164,521</u>
	<u><b>2,095,000</b></u>	<u><b>69,408</b></u>	<u><b>1,164,521</b></u>

  

	<b>Fixtures and fittings £</b>	<b>Motor vehicles £</b>	<b>Totals £</b>
Valuation in 2012	-	-	313,699
Valuation in 2014	-	-	95,000
Cost	<u>125,581</u>	<u>224,792</u>	<u>3,270,603</u>
	<u><b>125,581</b></u>	<u><b>224,792</b></u>	<u><b>3,679,302</b></u>

If Freehold property had not been revalued it would have been included at the following historical cost:

	<b>2018 £</b>	<b>2017 £</b>
Cost	<u>1,686,301</u>	<u>1,686,301</u>
Aggregate depreciation	<u><b>610,678</b></u>	<u><b>568,520</b></u>

Freehold property was valued on an open market basis on 31st December 2018 by the directors .

The valuation was based on a previous valuation undertaken by Clark Weightman Limited in July 2018, who valued the property at £2,095,000.

**Notes to the Consolidated Financial Statements - continued**

*for the year ended 31st December 2018*

**11. TANGIBLE FIXED ASSETS - continued**

**Group**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	<b>Plant and machinery £</b>	<b>Motor vehicles £</b>	<b>Totals £</b>
<b>COST OR VALUATION</b>			
At 1st January 2018	23,160	130,131	153,291
Additions	29,000	-	29,000
Disposals	-	(31,950)	(31,950)
At 31st December 2018	<u>52,160</u>	<u>98,181</u>	<u>150,341</u>
<b>DEPRECIATION</b>			
At 1st January 2018	8,106	40,593	48,699
Charge for year	6,666	29,204	35,870
Eliminated on disposal	-	(18,637)	(18,637)
At 31st December 2018	<u>14,772</u>	<u>51,160</u>	<u>65,932</u>
<b>NET BOOK VALUE</b>			
At 31st December 2018	<u>37,388</u>	<u>47,021</u>	<u>84,409</u>
At 31st December 2017	<u>15,054</u>	<u>89,538</u>	<u>104,592</u>

**12. FIXED ASSET INVESTMENTS**

**Company**

	<b>Shares in group undertakings £</b>
<b>COST</b>	
At 1st January 2018 and 31st December 2018	<u>1,200,986</u>
<b>NET BOOK VALUE</b>	
At 31st December 2018	<u>1,200,986</u>
At 31st December 2017	<u>1,200,986</u>

**Notes to the Consolidated Financial Statements - continued**

*for the year ended 31st December 2018*

**12. FIXED ASSET INVESTMENTS - continued**

Details of subsidiary undertakings at the year end are as follows:

<b>Name of company</b>	<b>Proportion of shares held</b>	<b>Nature of business</b>
*C F Struthers (Hull) Limited	100%	Intermediate holding company
C F Struthers Limited	100%	Fabrication engineers

\*Shares of the undertaking are held directly by the company.

C F Struthers (Hull) Limited owns 100% of the share capital of C F Struthers Limited.

All of the companies are incorporated in England and Wales and all holdings are of ordinary shares.

**13. STOCKS**

	<b>Group</b>
	<b>2018</b>
	<b>£</b>
Raw materials	<u><b>49,547</b></u>
	<u>65,852</u>

Stock recognised in cost of sales during the year as an expense was £1,312,641 (2017 £3,350,090).

**14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	<b>1,946,141</b>	2,606,177	-	-
Amounts owed by group undertakings	-	-	<b>115,000</b>	115,000
Amounts recoverable on long term contracts	<b>190,043</b>	504,353	-	-
Other debtors	<b>1,875</b>	8,671	-	-
Prepayments	<b>35,059</b>	39,385	-	-
	<u><b>2,173,118</b></u>	<u>3,158,586</u>	<u><b>115,000</b></u>	<u>115,000</u>

**Notes to the Consolidated Financial Statements - continued**

*for the year ended 31st December 2018*

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts (see note 17)	<b>82,500</b>	90,000	-	-
Hire purchase contracts (see note 18)	<b>30,790</b>	43,776	-	-
Payments on account	-	408,000	-	-
Trade creditors	<b>713,181</b>	1,296,886	-	-
Amounts owed to group undertakings	-	-	<b>666,693</b>	666,693
Corporation tax	<b>117,964</b>	232,307	-	-
Social security and other taxes	<b>467,276</b>	321,953	-	-
Other creditors	<b>8,441</b>	23,766	-	-
Accruals and deferred income	<b>207,023</b>	265,553	<b>1,500</b>	1,500
	<b><u>1,627,175</u></b>	<b><u>2,682,241</u></b>	<b><u>668,193</u></b>	<b><u>668,193</u></b>

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Bank loans (see note 17)	-	82,500
Hire purchase contracts (see note 18)	<b>16,222</b>	33,235
	<b><u>16,222</u></b>	<b><u>115,735</u></b>

**17. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year or on demand:		
Bank loans	<b><u>82,500</u></b>	<u>90,000</u>
Amounts falling due between one and two years:		
Bank loans	<b><u>-</u></b>	<u>82,500</u>

The bank loan is repayable in monthly instalments of £7,500. Both loans bear interest at a commercial rate.



**Notes to the Consolidated Financial Statements - continued**

*for the year ended 31st December 2018*

**18. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

**Group**

	<b>Hire purchase contracts</b>	
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Gross obligations repayable:		
Within one year	<b>31,951</b>	46,142
Between one and five years	<b>16,513</b>	33,988
	<b><u>48,464</u></b>	<u>80,130</u>
Finance charges repayable:		
Within one year	<b>1,161</b>	2,366
Between one and five years	<b>291</b>	753
	<b><u>1,452</u></b>	<u>3,119</u>
Net obligations repayable:		
Within one year	<b>30,790</b>	43,776
Between one and five years	<b>16,222</b>	33,235
	<b><u>47,012</u></b>	<u>77,011</u>

**Group**

	<b>Non-cancellable operating leases</b>	
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Within one year	<b>26,250</b>	27,544
Between one and five years	<b>52,500</b>	52,500
	<b><u>78,750</u></b>	<u>80,044</u>

**19. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Bank loans	<b>82,500</b>	172,500
Hire purchase contracts	<b>47,012</b>	77,011
	<b><u>129,512</u></b>	<u>249,511</u>

The bank holds the following securities over the above bank loans and overdraft:

- First legal charge over the company's premises known as Millennium Works, Valletta Street, Hull.
- Debenture creating a fixed and floating charge over all present and future assets of the company.

**Notes to the Consolidated Financial Statements - continued**

*for the year ended 31st December 2018*

**20. PROVISIONS FOR LIABILITIES**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Deferred tax		
Accelerated capital allowances	<b>30,942</b>	28,316
Short term timing differences	<b>(2,180)</b>	(2,038)
	<b><u>28,762</u></b>	<b><u>26,278</u></b>

**Group**

	<b>Deferred tax</b>
	<b>£</b>
Balance at 1st January 2018	<b>26,278</b>
Profit and loss account	<b>2,484</b>
Balance at 31st December 2018	<b><u>28,762</u></b>

The component parts of the deferred tax liability are: accelerated capital allowances £30,942 and short term timing differences £2,180 (2017: £28,316 and £2,038 respectively).

The expected net reversal of deferred tax assets and liabilities in 2019 is £5,902. This primarily relates to the reversal of timing differences on acquired tangible assets and capital allowances through depreciation.

**21. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	<b>2018</b>	<b>2017</b>
			<b>£</b>	<b>£</b>
60,000	Ordinary shares	£1	<b><u>60,000</u></b>	<b><u>60,000</u></b>

**22. RESERVES**

**Group**

	<b>Retained earnings</b>	<b>Share premium</b>	<b>Revaluation reserve</b>	<b>Totals</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1st January 2018	<b>1,711,876</b>	<b>540,000</b>	<b>766,430</b>	<b>3,018,306</b>
Profit for the year	<b>156,408</b>	-	-	<b>156,408</b>
Dividends	<b>(70,000)</b>	-	-	<b>(70,000)</b>
At 31st December 2018	<b><u>1,798,284</u></b>	<b><u>540,000</u></b>	<b><u>766,430</u></b>	<b><u>3,104,714</u></b>

**Notes to the Consolidated Financial Statements - continued**

*for the year ended 31st December 2018*

**22. RESERVES - continued**

**Company**

	Retained earnings £	Share premium £	Totals £
At 1st January 2018	47,793	540,000	587,793
Profit for the year	70,000	-	70,000
Dividends	(70,000)	-	(70,000)
At 31st December 2018	<u>47,793</u>	<u>540,000</u>	<u>587,793</u>

**Share Premium account**

The share premium account represents the premium arising on the issue of shares net of issue costs.

**Revaluation Reserve**

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

**Retained earnings**

Retained earnings represents cumulative profits and losses net of dividends and other adjustments.

**23. PENSION COMMITMENTS**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The charge in the accounts in respect of pensions represents contributions payable by the company to the fund and amounted to £127,497 (2017 £125,392). Contributions of £11,476 were outstanding at 31st December 2018 (2017 £10,728).

**24. RELATED PARTY DISCLOSURES**

During the year, total dividends of £70,000 were paid to the director .

**Key management personnel of the entity or its parent (in the aggregate)**

	2018 £	2017 £
Amount due to related party	<u>8,441</u>	<u>23,766</u>

**Other related parties**

	2018 £	2017 £
Sales	5,557,303	6,172,887
Amount due from related party	<u>1,451,373</u>	<u>2,618,695</u>

During the year, a total of key management personnel compensation of £ 56,566 (2017 - £ 156,138 ) was paid.

**25. ULTIMATE CONTROLLING PARTY**

At 31st December 2018, the company was controlled by N Burton who owns 100% of the ordinary shares in the company.

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