

**DIRECTOR'S REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2019
FOR
SPAW ENGINEERING 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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SPAW ENGINEERING LIMITED
COMPANY INFORMATION
for the year ended 31 October 2019

DIRECTOR: C R F Shield

SECRETARY: C R F Shield

REGISTERED OFFICE: 365 Fosse Way
Syston
Leicester
Leicestershire
LE7 1NL

REGISTERED NUMBER: 00852576 (England and Wales)

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

DIRECTOR'S REPORT
for the year ended 31 October 2019

The director presents his 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 manufacture of other parts and accessories for motor vehicles.

DIVIDENDS

Interim dividends were paid amounting to £100,000 (2018: £nil). The directors recommend that no final dividends will be paid.

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.

DIRECTOR

C R F Shield held office during the whole of the period from 1 November 2018 to the date of this report.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Director's Report 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 of the profit or loss of the company 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 transactions and disclose with reasonable accuracy at any time the financial position of the company 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 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 company'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 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

14 October 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SPA W ENGINEERING LIMITED

Opinion

We have audited the financial statements of Spaw Engineering Limited (the 'company') for the year ended 31 October 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the 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 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 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 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 director is responsible for the other information. The other information comprises the information in the Director's Report, 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's Report has 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 Director's Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's 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 SPA ENGINEERING LIMITED

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page two, 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 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 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. 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

20 October 2020

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 October 2019

	Notes	2019 £	2018 £
TURNOVER	4	10,973,213	10,744,574
Cost of sales		<u>(9,399,574)</u>	<u>(9,596,357)</u>
GROSS PROFIT		1,573,639	1,148,217
Administrative expenses		<u>(969,048)</u>	<u>(836,190)</u>
		604,591	312,027
Other operating income	5	<u>9,422</u>	-
OPERATING PROFIT		614,013	312,027
Interest payable and similar expenses	7	<u>(8,699)</u>	<u>(5,453)</u>
PROFIT BEFORE TAXATION	8	605,314	306,574
Tax on profit	10	<u>(118,016)</u>	<u>(57,297)</u>
PROFIT FOR THE FINANCIAL YEAR		487,298	249,277
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		487,298	249,277

BALANCE SHEET
31 October 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible assets	12	803,124	724,263
CURRENT ASSETS			
Stocks	13	548,004	867,599
Debtors	14	1,859,595	1,891,336
Cash at bank		977,287	240,013
		<u>3,384,886</u>	<u>2,998,948</u>
CREDITORS			
Amounts falling due within one year	15	(2,762,502)	(2,621,756)
NET CURRENT ASSETS		<u>622,384</u>	<u>377,192</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,425,508	1,101,455
CREDITORS			
Amounts falling due after more than one year	16	(152,101)	(220,507)
PROVISIONS FOR LIABILITIES	20	(26,495)	(21,334)
NET ASSETS		<u>1,246,912</u>	<u>859,614</u>
CAPITAL AND RESERVES			
Called up share capital	21	250	250
Capital redemption reserve	22	750	750
Retained earnings	22	1,245,912	858,614
SHAREHOLDERS' FUNDS		<u>1,246,912</u>	<u>859,614</u>

The financial statements were approved by the director and authorised for issue on 14 October 2020 and were signed by:

C R F Shield - Director

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

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 November 2017	250	609,337	750	610,337
Changes in equity				
Total comprehensive income	-	249,277	-	249,277
Balance at 31 October 2018	250	858,614	750	859,614
Changes in equity				
Dividends	-	(100,000)	-	(100,000)
Total comprehensive income	-	487,298	-	487,298
Balance at 31 October 2019	250	1,245,912	750	1,246,912

The notes form part of these financial statements

CASH FLOW STATEMENT
for the year ended 31 October 2019

		2019	2018
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	1,182,481	389,856
Interest paid		(82)	(1,172)
Interest element of hire purchase payments paid		(8,617)	(4,281)
Tax paid		(49,014)	(102,364)
Net cash from operating activities		<u>1,124,768</u>	<u>282,039</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		<u>(205,848)</u>	<u>(372,227)</u>
Net cash from investing activities		<u>(205,848)</u>	<u>(372,227)</u>
Cash flows from financing activities			
Capital repayments in year		(81,820)	(171,860)
Equity dividends paid		(100,000)	-
Net cash from financing activities		<u>(181,820)</u>	<u>(171,860)</u>
Increase/(decrease) in cash and cash equivalents		<u>737,100</u>	<u>(262,048)</u>
Cash and cash equivalents at beginning of year	2	238,504	500,552
Cash and cash equivalents at end of year	2	<u>975,604</u>	<u>238,504</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 October 2019

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

	2019	2018
	£	£
Profit before taxation	605,314	306,574
Depreciation charges	126,987	80,871
Finance costs	8,699	5,453
	<u>741,000</u>	<u>392,898</u>
Decrease/(increase) in stocks	319,595	(112,781)
Decrease/(increase) in trade and other debtors	541,741	(200,669)
(Decrease)/increase in trade and other creditors	<u>(419,855)</u>	<u>310,408</u>
Cash generated from operations	<u>1,182,481</u>	<u>389,856</u>

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 31 October 2019

	31/10/19	1/11/18
	£	£
Cash and cash equivalents	977,287	240,013
Bank overdrafts	<u>(1,683)</u>	<u>(1,509)</u>
	<u>975,604</u>	<u>238,504</u>

Year ended 31 October 2018

	31/10/18	1/11/17
	£	£
Cash and cash equivalents	240,013	502,619
Bank overdrafts	<u>(1,509)</u>	<u>(2,067)</u>
	<u>238,504</u>	<u>500,552</u>

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

1. **STATUTORY INFORMATION**

Spaw Engineering Limited is a limited company, registered in England and Wales. Its registered office address is and the 365 Fosse Way, Syston, Leicester, Leicestershire, England, LE7 1NL registered number is 00852576.

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.

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts and is recognised when goods are dispatched.

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:

Plant & machinery	12.5% straight line
Fixtures & fittings	20-25% straight line

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.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate.

Cash and cash equivalents

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

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Finance costs

Finance costs are charged to the Profit and Loss Account 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

Dividends

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

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the company 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 company.

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

2. ACCOUNTING POLICIES - continued

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, 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.

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

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

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

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

Pension costs and other post-retirement benefits

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

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

Retirement benefits

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the term of the lease.

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. 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.

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

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 11 for the carrying amount of the assets and the Tangible Fixed Asset accounting policy or the useful economic lives for each class of asset.

Stock provisioning

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

4. TURNOVER

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

An analysis of turnover by geographical market is given below:

	2019 £	2018 £
United Kingdom	10,785,454	10,491,725
Overseas	187,759	252,849
	<u>10,973,213</u>	<u>10,744,574</u>

5. OTHER OPERATING INCOME

	2019 £	2018 £
Insurance reclaim	9,422	-

6. EMPLOYEES AND DIRECTORS

	2019 £	2018 £
Wages and salaries	2,669,814	2,744,102
Social security costs	226,871	227,540
Other pension costs	42,506	27,984
	<u>2,939,191</u>	<u>2,999,626</u>

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

	2019	2018
Production	106	114
Administration	11	11
Management	1	1
	<u>118</u>	<u>126</u>

	2019 £	2018 £
Director's remuneration	48,000	48,000

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Bank overdraft interest	82	1,172
Hire purchase interest	8,617	4,281
	<u>8,699</u>	<u>5,453</u>

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

8. PROFIT BEFORE TAXATION

The profit is stated after charging:

	2019	2018
	£	£
Depreciation - owned assets	126,987	80,871
Tax compliance charges	1,500	1,600
Stock recognised as an expense	<u>5,924,089</u>	<u>5,857,466</u>

9. AUDITORS' REMUNERATION

	2019	2018
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	<u>9,250</u>	<u>11,430</u>

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

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

	2019	2018
	£	£
Current tax:		
UK corporation tax	112,481	48,640
Adjustment to prior years	374	61
Total current tax	<u>112,855</u>	<u>48,701</u>
Deferred tax	5,161	8,596
Tax on profit	<u>118,016</u>	<u>57,297</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:

	2019	2018
	£	£
Profit before tax	<u>605,314</u>	<u>306,574</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	115,010	58,249
Effects of:		
Depreciation in excess of capital allowances	3,070	-
Utilisation of tax losses	(64)	-
Adjustments to tax charge in respect of previous periods	-	(61)
Deferred tax	-	(891)
Total tax charge	<u>118,016</u>	<u>57,297</u>

11. DIVIDENDS

	2019	2018
	£	£
Ordinary shares of £1 each		
Interim	<u>100,000</u>	<u>-</u>

An interim dividend of £100,000 was paid to Adrem Enterprises Limited (2018: £nil).

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

12. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Totals £
COST			
At 1 November 2018	850,518	803,034	1,653,552
Additions	191,652	14,196	205,848
At 31 October 2019	<u>1,042,170</u>	<u>817,230</u>	<u>1,859,400</u>
DEPRECIATION			
At 1 November 2018	158,170	771,119	929,289
Charge for year	113,269	13,718	126,987
At 31 October 2019	<u>271,439</u>	<u>784,837</u>	<u>1,056,276</u>
NET BOOK VALUE			
At 31 October 2019	<u>770,731</u>	<u>32,393</u>	<u>803,124</u>
At 31 October 2018	<u>692,348</u>	<u>31,915</u>	<u>724,263</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>703,294</u>	<u>648,036</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>100,742</u>	<u>89,309</u>

13. STOCKS

	2019	2018
	£	£
Raw materials	322,375	690,434
Work-in-progress	225,629	177,165
	<u>548,004</u>	<u>867,599</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade debtors	1,266,623	1,332,886
Other debtors	8,423	-
Amounts owed by related party undertakings	510,000	509,289
Prepayments and accrued income	74,549	49,161
	<u>1,859,595</u>	<u>1,891,336</u>

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

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Bank loans and overdrafts (see note 17)	1,683	1,509
Hire purchase contracts (see note 18)	181,507	194,921
Trade creditors	1,121,903	1,217,976
Amounts owed to group undertakings	598,029	551,044
Tax	112,481	48,640
Social security and other taxes	351,818	305,957
Other creditors	341	341
Accruals and deferred income	394,740	301,368
	<u>2,762,502</u>	<u>2,621,756</u>

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

	2019	2018
	£	£
Hire purchase contracts (see note 18)	<u>152,101</u>	<u>220,507</u>

17. LOANS

An analysis of the maturity of loans is given below:

	2019	2018
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,683</u>	<u>1,509</u>

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2019	2018
	£	£
Net obligations repayable:		
Within one year	181,507	194,921
Between one and five years	152,101	220,507
	<u>333,608</u>	<u>415,428</u>

	Non-cancellable	operating leases
	2019	2018
	£	£
Within one year	1,844	4,426
Between one and five years	-	1,844
	<u>1,844</u>	<u>6,270</u>

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

19. SECURED DEBTS

The following secured debts are included within creditors:

	2019	2018
	£	£
Bank overdrafts	1,683	1,509
Hire purchase contracts	<u>333,608</u>	<u>415,428</u>
	<u>335,291</u>	<u>416,937</u>

The hire purchase liabilities are secured on the assets concerned.

The bank overdraft is secured by a debenture over all assets of the company dated 10th of November 2009.

20. PROVISIONS FOR LIABILITIES

	2019	2018
	£	£
Deferred tax	<u>26,495</u>	<u>21,334</u>
		Deferred tax
		£
Balance at 1 November 2018		21,334
Charge to Statement of Comprehensive Income during year		5,161
Balance at 31 October 2019		<u>26,495</u>

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019	2018
			£	£
250	Ordinary	£1	<u>250</u>	<u>250</u>

22. RESERVES**Retained earnings**

Retained earnings includes all current and prior period retained profits and losses.

Capital redemption reserve

The capital redemption reserve comprises of the nominal value of shares purchased by the company.

23. RELATED PARTY DISCLOSURES

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

	2019	2018
£		
Purchases from Adrem Enterprises Limited	43,200	33,500
Sales to Woolley GMC Engineering Limited	5,007	55,981
Amounts due from Woolley GMC Engineering Limited	1,054	901
Amounts due to Adrem Enterprises Limited	600,000	551,044
Amounts due from Shield Engineering (Syston) Limited	380,000	378,388
Amounts due from G W Atkins & Sons Limited	130,000	130,000

NOTES TO THE FINANCIAL STATEMENTS - continued
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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.

25. ULTIMATE CONTROLLING PARTY

The company is controlled by Twingear Holdings Limited its ultimate parent company and Adrem Enterprises Limited its immediate parent company. All three companies are owned by C R F Shield.

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