

**STRATEGIC REPORT, DIRECTOR'S REPORT AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2022  
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 2022

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**SPAW ENGINEERING LIMITED**  
**COMPANY INFORMATION**  
**for the year ended 31 October 2022**

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**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

**STRATEGIC REPORT**  
**for the year ended 31 October 2022**

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The director presents his strategic report for the year ended 31 October 2022.

**REVIEW OF BUSINESS**

The business has performed well this year, despite some supply chain challenges, and the high levels of inflation that have been seen through the period across the industry. Since the previous year customer volumes have generally remained at a good level and this is expected to maintain moving forwards. The business has kept a tight control of costs throughout this period and the Directors are pleased to report very high levels of operational performance and customer satisfaction.

The direct Pandemic issues have largely abated, to be replaced by the knock on impacts of inflationary costs, and the Russia/Ukraine war. The company has won additional business during this year which should commence in 2023 and as a result of this and the strong controls in place the company looks to the future with some confidence.

**PRINCIPAL RISKS AND UNCERTAINTIES**

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

**FINANCIAL KEY PERFORMANCE INDICATORS**

The Company's key performance indicators are as follows:

**Sales**

The accounts report a 17% increase (2021: 43% increase) in the level of sales over the previous financial year.

**Gross Margin**

Gross margin for the year has Increased from 17% to 18%.

**OTHER KEY PERFORMANCE INDICATORS**

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

**ON BEHALF OF THE BOARD:**

C R F Shield - Director

28 July 2023

**DIRECTOR'S REPORT**  
**for the year ended 31 October 2022**

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The director presents his report with the financial statements of the company for the year ended 31 October 2022.

**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 £300,000 (2021: £100,000). The directors recommend that no final dividends will be paid.

**DIRECTOR**

C R F Shield held office during the whole of the period from 1 November 2021 to the date of this report.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Strategic Report, 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

28 July 2023

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

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### Opinion

We have audited the financial statements of Spaw Engineering Limited (the 'company') for the year ended 31 October 2022 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 2022 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

### Other information

The director is responsible for the other information. The other information comprises the information in the Strategic Report and 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or 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

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### **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 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the company and industry, we identified the principal risks of non-compliance with laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed included:

- Enquire with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Challenging assumptions made by management in their significant accounting estimates, in particular in relation to the stock valuation and judgements formed;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, journal entries crediting cash and journal entries with specific defined descriptions.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

Luke Turner FCA 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

28 July 2023

**STATEMENT OF COMPREHENSIVE  
INCOME**  
for the year ended 31 October 2022

	Notes	2022 £	2021 £
<b>TURNOVER</b>	4	12,744,387	10,929,074
Cost of sales		<u>(10,387,255)</u>	<u>(9,065,279)</u>
<b>GROSS PROFIT</b>		2,357,132	1,863,795
Administrative expenses		<u>(1,208,102)</u>	<u>(1,006,766)</u>
		1,149,030	857,029
Other operating income	5	<u>67,115</u>	<u>11,380</u>
<b>OPERATING PROFIT</b>	7	1,216,145	868,409
Interest payable and similar expenses	8	<u>(3,837)</u>	<u>(7,647)</u>
<b>PROFIT BEFORE TAXATION</b>		1,212,308	860,762
Tax on profit	9	<u>(231,189)</u>	<u>(160,789)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		981,119	699,973
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>981,119</u>	<u>699,973</u>



**BALANCE SHEET**  
**31 October 2022**

	Notes	2022 £	2021 £
<b>FIXED ASSETS</b>			
Tangible assets	11	732,481	851,902
<b>CURRENT ASSETS</b>			
Stocks	12	730,767	780,359
Debtors	13	1,950,321	2,135,518
Cash at bank		<u>1,628,946</u>	<u>942,485</u>
		<b>4,310,034</b>	<b>3,858,362</b>
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>(2,535,146)</u>	<u>(2,805,863)</u>
<b>NET CURRENT ASSETS</b>		<u><b>1,774,888</b></u>	<u><b>1,052,499</b></u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,507,369</b>	<b>1,904,401</b>
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	<b>(41,552)</b>	<b>(108,203)</b>
<b>PROVISIONS FOR LIABILITIES</b>	19	<u><b>(60,000)</b></u>	<u><b>(71,500)</b></u>
<b>NET ASSETS</b>		<u><b>2,405,817</b></u>	<u><b>1,724,698</b></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	<b>250</b>	250
Capital redemption reserve	21	<b>750</b>	750
Retained earnings	21	<u><b>2,404,817</b></u>	<u>1,723,698</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><b>2,405,817</b></u>	<u><b>1,724,698</b></u>

The financial statements were approved by the director and authorised for issue on 28 July 2023 and were signed by:

C R F Shield - Director

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 October 2022

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
<b>Balance at 1 November 2020</b>	250	1,123,725	750	1,124,725
<b>Changes in equity</b>				
Dividends	-	(100,000)	-	(100,000)
Total comprehensive income	-	699,973	-	699,973
<b>Balance at 31 October 2021</b>	250	1,723,698	750	1,724,698
<b>Changes in equity</b>				
Dividends	-	(300,000)	-	(300,000)
Total comprehensive income	-	981,119	-	981,119
<b>Balance at 31 October 2022</b>	250	2,404,817	750	2,405,817

The notes form part of these financial statements

**CASH FLOW STATEMENT**  
for the year ended 31 October 2022

		<b>2022</b>	<b>2021</b>
	Notes	£	£
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,609,035	449,791
Interest element of hire purchase payments paid		(3,837)	(7,647)
Tax paid		(86,826)	(4)
Net cash from operating activities		<u>1,518,372</u>	<u>442,140</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(45,760)	(277,298)
Sale of tangible fixed assets		-	63,500
Net cash from investing activities		<u>(45,760)</u>	<u>(213,798)</u>
<b>Cash flows from financing activities</b>			
Intercompany loan repayments		(400,000)	67,901
Capital repayments in year		(86,151)	40,705
Amount introduced by directors		-	24,671
Equity dividends paid		(300,000)	(100,000)
Net cash from financing activities		<u>(786,151)</u>	<u>33,277</u>
<b>Increase in cash and cash equivalents</b>		<u>686,461</u>	<u>261,619</u>
<b>Cash and cash equivalents at beginning of year</b>	2	942,035	680,416
<b>Cash and cash equivalents at end of year</b>	2	<u>1,628,496</u>	<u>942,035</u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT**  
for the year ended 31 October 2022

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

	2022	2021
	£	£
Profit before taxation	1,212,308	860,762
Depreciation charges	165,181	149,272
Finance costs	3,837	7,647
	<u>1,381,326</u>	<u>1,017,681</u>
Decrease/(increase) in stocks	49,592	(127,784)
Decrease/(increase) in trade and other debtors	185,197	(306,728)
Decrease in trade and other creditors	(7,080)	(133,378)
<b>Cash generated from operations</b>	<u>1,609,035</u>	<u>449,791</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 2022**

	31/10/22	1/11/21
	£	£
Cash and cash equivalents	1,628,946	942,485
Bank overdrafts	(450)	(450)
	<u>1,628,496</u>	<u>942,035</u>

**Year ended 31 October 2021**

	31/10/21	1/11/20
	£	£
Cash and cash equivalents	942,485	680,638
Bank overdrafts	(450)	(222)
	<u>942,035</u>	<u>680,416</u>

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1/11/21	Cash flow	At 31/10/22
	£	£	£
<b>Net cash</b>			
Cash at bank	942,485	686,461	1,628,946
Bank overdrafts	(450)	-	(450)
	<u>942,035</u>	<u>686,461</u>	<u>1,628,496</u>
<b>Debt</b>			
Finance leases	(194,355)	86,151	(108,204)
	<u>(194,355)</u>	<u>86,151</u>	<u>(108,204)</u>
<b>Total</b>	<u>747,680</u>	<u>772,612</u>	<u>1,520,292</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 October 2022

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**1. STATUTORY INFORMATION**

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

**Going concern**

The company had net positive current assets at the year end of £2.018m. The directors believe that it is appropriate to adopt the going concern basis in the preparation of the financial statements. At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future despite the global pandemic. The directors have prepared financial forecasts, including cashflow forecasts and an assessment of available associated company support. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**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 estimate selling price less costs to complete the sale. Cost is based on the most recent purchase price, with all stock being revalued to cost each quarter. Work in progress and finished goods include labour and attributable overheads

**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.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 31 October 2022

**2. ACCOUNTING POLICIES - continued**

**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.

**Finance costs**

Finance costs are charged to the Profit and Loss Account over the term of the deb using the effective interest method so that the amount charged is at constant rate on the carrying amount. Issue cost are initially recognised as a reduction in the proceeds of the associated capital instruments.

**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.

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 October 2022

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2. ACCOUNTING POLICIES - continued

**Hire purchase contracts**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**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

**Operating leases**

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

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.

**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 for the useful economic lives for each class of asset.

**Stock provisioning**

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

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 October 2022

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:

	2022 £	2021 £
United Kingdom	12,093,472	10,336,221
Rest of World	650,915	592,853
	<u>12,744,387</u>	<u>10,929,074</u>

5. **OTHER OPERATING INCOME**

	2022 £	2021 £
Rents received	11,580	6,880
Government grants	55,535	4,500
	<u>67,115</u>	<u>11,380</u>

6. **EMPLOYEES AND DIRECTORS**

	2022 £	2021 £
Wages and salaries	2,706,886	2,411,143
Social security costs	256,519	220,349
Other pension costs	51,297	53,402
	<u>3,014,702</u>	<u>2,684,894</u>

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

	2022	2021
Production	75	78
Administration	10	12
Management	1	1
	<u>86</u>	<u>91</u>

	2022 £	2021 £
Director's remuneration	<u>148,000</u>	<u>94,584</u>

7. **OPERATING PROFIT**

The operating profit is stated after charging:

	2022 £	2021 £
Depreciation - owned assets	115,687	117,229
Depreciation - assets on hire purchase contracts	49,494	32,043
Auditors' remuneration	<u>11,580</u>	<u>12,115</u>



NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 October 2022

## 8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Hire purchase interest	<u>3,837</u>	<u>7,647</u>

## 9. TAXATION

**Analysis of the tax charge**

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

	2022	2021
	£	£
Current tax:		
UK corporation tax	242,689	86,826
Adjustment to prior years	-	29,813
Total current tax	<u>242,689</u>	<u>116,639</u>
Deferred tax	(11,500)	44,150
Tax on profit	<u>231,189</u>	<u>160,789</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:

	2022	2021
	£	£
Profit before tax	<u>1,212,308</u>	<u>860,762</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	230,339	163,545
Effects of:		
Expenses not deductible for tax purposes	1,970	798
Capital allowances in excess of depreciation	-	(9,937)
Depreciation in excess of capital allowances	10,397	-
Utilisation of tax losses	-	(23,430)
Adjustments to tax charge in respect of previous periods	-	29,813
Corporation tax paid	(17)	-
Movement in deferred tax	(11,500)	-
Total tax charge	<u>231,189</u>	<u>160,789</u>

## 10. DIVIDENDS

	2022	2021
	£	£
Ordinary shares of £1 each		
Interim	<u>300,000</u>	<u>100,000</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 31 October 2022

**11. TANGIBLE FIXED ASSETS**

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>				
At 1 November 2021	1,324,120	179,964	-	1,504,084
Additions	30,765	-	14,995	45,760
At 31 October 2022	<u>1,354,885</u>	<u>179,964</u>	<u>14,995</u>	<u>1,549,844</u>
<b>DEPRECIATION</b>				
At 1 November 2021	489,115	163,067	-	652,182
Charge for year	158,575	6,267	339	165,181
At 31 October 2022	<u>647,690</u>	<u>169,334</u>	<u>339</u>	<u>817,363</u>
<b>NET BOOK VALUE</b>				
At 31 October 2022	<u>707,195</u>	<u>10,630</u>	<u>14,656</u>	<u>732,481</u>
At 31 October 2021	<u>835,005</u>	<u>16,897</u>	<u>-</u>	<u>851,902</u>

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

	Plant and machinery £
<b>COST</b>	
At 1 November 2021 and 31 October 2022	<u>395,950</u>
<b>DEPRECIATION</b>	
At 1 November 2021	63,029
Charge for year	49,494
At 31 October 2022	<u>112,523</u>
<b>NET BOOK VALUE</b>	
At 31 October 2022	<u>283,427</u>
At 31 October 2021	<u>332,921</u>

Obligations under finance leases and hire purchase contracts are secured upon the asset concerned. Finance lease payments represent rentals payable by the company for plant and machinery.

**12. STOCKS**

	2022 £	2021 £
Raw materials	662,470	760,241
Work-in-progress	<u>68,297</u>	<u>20,118</u>
	<u>730,767</u>	<u>780,359</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 October 2022

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

	2022	2021
	£	£
Trade debtors	1,152,797	1,347,795
Amounts owed by related party undertakings	710,000	710,000
Prepayments and accrued income	87,524	77,723
	<u>1,950,321</u>	<u>2,135,518</u>

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

	2022	2021
	£	£
Bank loans and overdrafts (see note 16)	450	450
Hire purchase contracts (see note 17)	66,652	86,152
Trade creditors	1,221,854	1,387,370
Amounts owed to group undertakings	264,180	664,180
Tax	242,689	86,826
Social security and other taxes	313,327	299,606
Other creditors	1,599	3,105
Accruals and deferred income	424,395	278,174
	<u>2,535,146</u>	<u>2,805,863</u>

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

	2022	2021
	£	£
Hire purchase contracts (see note 17)	<u>41,552</u>	<u>108,203</u>

16. **LOANS**

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>450</u>	<u>450</u>

17. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	<b>Hire purchase contracts</b>	
	2022	2021
	£	£
Net obligations repayable:		
Within one year	66,652	86,152
Between one and five years	41,552	108,203
	<u>108,204</u>	<u>194,355</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 31 October 2022

**17. LEASING AGREEMENTS - continued**

	Non-cancellable	operating leases
	2022	2021
	£	£
Within one year	155,000	155,000
Between one and five years	465,000	620,000
	<u>620,000</u>	<u>775,000</u>

Finance lease payments represent rentals payable by the company for certain tangible fixed assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

**18. SECURED DEBTS**

The following secured debts are included within creditors:

	2022	2021
	£	£
Bank overdrafts	450	450
Hire purchase contracts	108,204	194,355
	<u>108,654</u>	<u>194,805</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.

**19. PROVISIONS FOR LIABILITIES**

	2022	2021
	£	£
Deferred tax		
Accelerated capital allowances	27,350	27,350
Deferred tax	32,650	44,150
	<u>60,000</u>	<u>71,500</u>
		Deferred tax
		£
Balance at 1 November 2021		71,500
Credit to Statement of Comprehensive Income during year		(11,500)
Balance at 31 October 2022		<u>60,000</u>

**20. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2022	2021
Number:	Class:	Nominal value:	£	£
250	Ordinary	£1	<u>250</u>	<u>250</u>

Ordinary non-redeemable shares with the rights to vote, receive dividends and to share assets if the company is sold or wound up.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 31 October 2022

**21. RESERVES****Retained earnings**

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

**Capital redemption reserve**

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

**22. PENSION COMMITMENTS**

The company operates a defined contributions scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £51,297 (2021 - £53,402).

**23. DIRECTOR'S ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to a director subsisted during the years ended 31 October 2022 and 31 October 2021:

	2022 £	2021 £
<b>C R F Shield</b>		
Balance outstanding at start of year	-	24,671
Amounts repaid	-	(24,671)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>-</u>

**24. RELATED PARTY DISCLOSURES**

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

	2022	2021
£		
Purchases from Adrem Enterprises Limited	(46,648)	(33,260)
Amounts due from/(to) Adrem Enterprises Limited	(284,382)	(664,180)
Sales to Woolley GMC Engineering Limited	11,456	4,091
Purchases from Woolley GMC Engineering Limited	(29,447)	-
Amounts due from/(to) Woolley GMC Engineering Limited	(1,463)	-
Amounts due from/(to) Shield Engineering (Syston) Limited	580,000	578,388
Purchases from G W Atkins & Sons Limited	(401)	(577)
Amounts due from/(to) G W Atkins & Sons Limited	129,520	130,000
Sales to Bridge Aluminium Limited	25,992	9,536
Purchases from Bridge Aluminium Limited	(3,771,036)	(3,175,859)
Amounts due from/(to) Bridge Aluminium Limited	(276,913)	(765,262)
Sales to Burrows & Smith Limited	122	232
Purchases from Burrows & Smith Limited	(10,824)	-
Amounts due from/(to) Burrows & Smith Limited	(12,989)	-

During the year, a total of key management personnel compensation of £ 187,989 (2021 - £ 191,622 ) was paid.

**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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