

COMPANY REGISTRATION NUMBER: 09899165

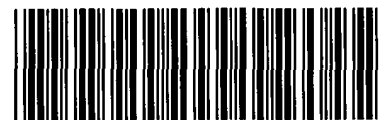
**Thomas Storey Fabrications Group Limited**  
**Financial Statements**  
**31 July 2020**

**ALEXANDER KNIGHT & CO LIMITED**

Chartered Accountants & Statutory Auditor

Westgate House  
44 Hale Road  
Hale  
Altrincham  
Cheshire  
WA14 2EX

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# **Thomas Storey Fabrications Group Limited**

## **Financial Statements**

**Year ended 31 July 2020**

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# **Thomas Storey Fabrications Group Limited**

## **Officers and Professional Advisers**

<b>The board of directors</b>	D Houghton J Atkinson A Ramsdale
<b>Company secretary</b>	D Houghton
<b>Registered office</b>	Stainburn Road Openshaw Manchester M11 2EB
<b>Auditor</b>	Alexander Knight & Co Limited Chartered Accountants & Statutory Auditor Westgate House 44 Hale Road Hale Altrincham Cheshire WA14 2EX

# Thomas Storey Fabrications Group Limited

## Strategic Report

Year ended 31 July 2020

### Introduction

In common with the whole of our industry, Thomas Storey Fabrications Group Limited was significantly impacted by the Covid 19 Pandemic, with most of the customers and supply chain forced to temporarily close for a significant part of the year. The Company took advantage of the UK Government Coronavirus Job Retention Scheme, allowing it to retain its workforce and it is pleasing to report that the Business is now growing and looking to recruit further to broaden the offering to the existing and potential customer base.

### Business review

The financial results to July 2020 demonstrate the impact on Company turnover and profits of the global pandemic. However, utilising the resources available, the Business retained a positive cash balance and is well placed to benefit from forecast future growth. Subsequent to the year end, further improvements and investments have been made in our production infrastructure, continuing progress from the previous year. As always, we are proud of our processes investing in our people, systems and infrastructure, notably the focus on further developing a quality and customer focused ethos throughout the entire workforce.

### Principal risks and uncertainties

The Company finances its operations through a mixture of retained profits, bank borrowings and trade credit from suppliers. Movements on interest rates and exchange rates can impact profitability. Banking facilities were renewed during the period, providing confidence as to our working capital position. However in relation to our statutory requirements, we state that a withdrawal of facilities or a failure to renew them as they expire could lead to a reduction in the trading ability of the Company.

The utilisation of working capital is closely monitored and regular cashflow forecasts are maintained. The Company utilises appropriate financial products to protect against currency risk and maintains relationships with several providers of finance to ensure that a comprehensive range of funding facilities is maintained.

### Financial key performance indicators

	Measure	2020
Turnover	£000's	9,450
Turnover Growth	%	-%
Gross Margin	%	12%
EBITDA Pre Exceptionals	£000's	287
Exceptional Costs	£000's	329
Net Assets	£000's	70

### Future developments

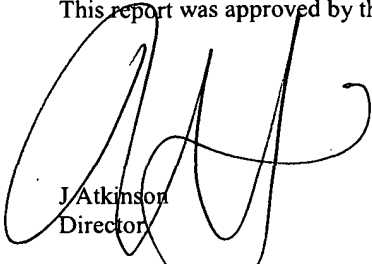
The Directors intend to continue the process of investment in the workforce, quality systems and infrastructure of the Business. This is intended to provide a strong base from which to develop the existing customer base and attract new customers to the Business.

# Thomas Storey Fabrications Group Limited

## Strategic Report *(continued)*

Year ended 31 July 2020

This report was approved by the board of directors on 22/7/2021 and signed on behalf of the board by:



J Atkinson  
Director

Registered office:  
Stainburn Road  
Openshaw  
Manchester  
M11 2EB

# **Thomas Storey Fabrications Group Limited**

## **Directors' Report**

**Year ended 31 July 2020**

The directors present their report and the financial statements of the company for the year ended 31 July 2020.

### **Principal activities**

The principal activities of the company were the manufacture, sale and distribution of high quality steel fabrications to original equipment manufacturers (OEM's) in the earth moving, construction, agricultural, materials handling and specialist vehicle sectors.

### **Directors**

The directors who served the company during the year were as follows:

D Houghton  
J Atkinson  
A Ramsdale

### **Dividends**

Particulars of recommended dividends are detailed in note 13 to the financial statements.

### **Events after the end of the reporting period**

Particulars of events after the reporting date are detailed in note 28 to the financial statements.

### **Disclosure of information in the strategic report**

In accordance with section 414c(11) of the Companies Act 2006 Regulations 2013, the directors have included a separate strategic report. This includes information that would have been included in the business review and the principal risks and uncertainties.

### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Thomas Storey Fabrications Group Limited

## Directors' Report *(continued)*

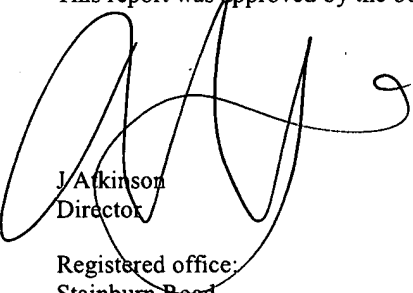
Year ended 31 July 2020

### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 22/7/2021 and signed on behalf of the board by:



J Atkinson  
Director

Registered office:  
Stainburn Road  
Openshaw  
Manchester  
M11 2EB

# **Thomas Storey Fabrications Group Limited**

## **Independent Auditor's Report to the Members of Thomas Storey Fabrications Group Limited**

**Year ended 31 July 2020**

### **Opinion**

We have audited the financial statements of Thomas Storey Fabrications Group Limited (the 'company') for the year ended 31 July 2020 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, 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 FRS 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 July 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

# **Thomas Storey Fabrications Group Limited**

## **Independent Auditor's Report to the Members of Thomas Storey Fabrications Group Limited** *(continued)*

**Year ended 31 July 2020**

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' 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 directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

# **Thomas Storey Fabrications Group Limited**

## **Independent Auditor's Report to the Members of Thomas Storey Fabrications Group Limited** *(continued)*

**Year ended 31 July 2020**

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's 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 an auditor's report 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

# Thomas Storey Fabrications Group Limited

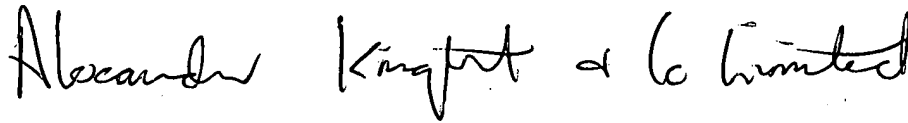
## Independent Auditor's Report to the Members of Thomas Storey Fabrications Group Limited *(continued)*

Year ended 31 July 2020

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### 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 an auditor's report 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.



Murray Patt, FCA (Senior Statutory Auditor)

For and on behalf of  
Alexander Knight & Co Limited  
Chartered Accountants & Statutory Auditor  
Westgate House  
44 Hale Road  
Hale  
Altrincham  
Cheshire  
WA14 2EX

28<sup>th</sup> July 2021

# Thomas Storey Fabrications Group Limited

## Statement of Income and Retained Earnings

Year ended 31 July 2020

	Note	2020 £	2019 £
<b>Turnover</b>	<b>4</b>	9,450,089	12,616,106
Cost of sales		8,308,328	10,041,136
<b>Gross profit</b>		<u>1,141,761</u>	<u>2,574,970</u>
Distribution costs		129,378	183,147
Administrative expenses		1,632,422	1,842,916
Other operating income	<b>6</b>	671,626	–
Gas Contamination/Laser Breakdown Costs		<u>328,993</u>	<u>891,499</u>
<b>Operating loss</b>	<b>7</b>	(277,406)	(342,592)
Interest payable and similar expenses	<b>11</b>	<u>103,552</u>	<u>94,095</u>
<b>Loss before taxation</b>		(380,958)	(436,687)
Tax on loss	<b>12</b>	<u>(30,770)</u>	<u>(79,686)</u>
<b>Loss for the financial year and total comprehensive income</b>		<u>(350,188)</u>	<u>(357,001)</u>
Dividends paid and payable	<b>13</b>	(160,000)	(178,600)
<b>Retained earnings at the start of the year</b>		<u>580,113</u>	<u>1,115,714</u>
<b>Retained earnings at the end of the year</b>		<u>69,925</u>	<u>580,113</u>

All the activities of the company are from continuing operations.

The notes on pages 13 to 25 form part of these financial statements.

# Thomas Storey Fabrications Group Limited

## Statement of Financial Position

31 July 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	15	1,185,434	1,409,315
<b>Current assets</b>			
Stocks	16	1,655,774	1,698,631
Debtors	17	2,415,271	2,813,214
Cash at bank and in hand		146,677	137,327
		<u>4,217,722</u>	<u>4,649,172</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>4,374,469</u>	<u>4,960,605</u>
<b>Net current liabilities</b>		156,747	311,433
<b>Total assets less current liabilities</b>		<u>1,028,687</u>	<u>1,097,882</u>
<b>Creditors: amounts falling due after more than one year</b>	19	958,738	517,745
<b>Net assets</b>		<u>69,949</u>	<u>580,137</u>
<b>Capital and reserves</b>			
Called up share capital	24	18	18
Capital redemption reserve	25	6	6
Profit and loss account	25	69,925	580,113
<b>Shareholders funds</b>		<u>69,949</u>	<u>580,137</u>

These financial statements were approved by the board of directors and authorised for issue on 22/7/2021, and are signed on behalf of the board by:

  
J Atkinson  
Director

Company registration number: 09899165

The notes on pages 13 to 25 form part of these financial statements.

# Thomas Storey Fabrications Group Limited

## Statement of Cash Flows

Year ended 31 July 2020

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(350,188)	(357,001)
<i>Adjustments for:</i>		
Depreciation of tangible assets	235,331	214,999
Government grant income	(671,626)	–
Interest payable and similar expenses	103,552	94,095
Loss/(gains) on disposal of tangible assets	3,641	(4,459)
Tax on loss	(30,770)	(79,686)
Accrued (income)/expenses	(44,926)	153,898
<i>Changes in:</i>		
Stocks	42,857	(269,840)
Trade and other debtors	428,713	(173,719)
Trade and other creditors	(406,961)	947,329
Provisions and employee benefits	–	(6,682)
Cash generated from operations	<u>(690,377)</u>	<u>518,934</u>
Interest paid	<u>(103,552)</u>	<u>(94,095)</u>
Net cash (used in)/from operating activities	<u>(793,929)</u>	<u>424,839</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(16,741)	(217,510)
Proceeds from sale of tangible assets	1,650	160,000
Net cash used in investing activities	<u>(15,091)</u>	<u>(57,510)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	400,000	170,000
Repayments of borrowings	–	(57,730)
Government grant income	671,626	–
Payments of finance lease liabilities	(93,256)	(181,519)
Dividends paid	(160,000)	(178,600)
Net cash from/(used in) financing activities	<u>818,370</u>	<u>(247,849)</u>
<b>Net increase in cash and cash equivalents</b>	<u>9,350</u>	<u>119,480</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>137,327</u>	<u>17,847</u>
<b>Cash and cash equivalents at end of year</b>	<u>146,677</u>	<u>137,327</u>

The notes on pages 13 to 25 form part of these financial statements.

# Thomas Storey Fabrications Group Limited

## Notes to the Financial Statements

Year ended 31 July 2020

### 1. General information

The company is a private company limited by shares, registered in England and Wales (registered number 09899165). The address of the registered office is Stainburn Road, Openshaw, Manchester, M11 2EB.

### 2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### 3. Accounting policies

#### Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax from the proceeds.

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

#### Going concern

In light of the rapid global spread of the Coronavirus "COVID 19" the directors have considered the financial position of the Company. Financial profit and cashflow forecasts have been analysed and the Company has successfully applied for a loan under the UK Government Coronavirus Business Interruption Loan Scheme "CBILS".

Given the uncertainty of COVID-19, financial forecasts have been prepared assuming reductions in turnover and these forecasts have been measured against known and predicted customer demand in the light of uncertainty as to when the Company will be able to return to historic levels of trading.

Recognising the receipt of CBILS funding, the COVID-19 position at the date of signature of these accounts and the directors stress testing of expected performance, the directors consider that it is appropriate to adopt the going concern basis in the preparation of these accounts.

# Thomas Storey Fabrications Group Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 July 2020

#### 3. Accounting policies *(continued)*

##### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant judgements

Management do not feel that there are any judgements (apart from those involving estimations) that have been made in the process of applying the entity's accounting policies which have a significant effect on the amounts recognised in the financial statements.

##### Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

##### Estimated useful life and residual value of fixed assets

Depreciation of tangible fixed assets have been based on the estimated useful lives and residual values deemed appropriate by the directors. Estimated useful lives and residual values are reviewed annually and revised as appropriate. Revisions take into account estimated useful lives and residual values, as evidenced by disposals during current and prior accounting periods.

##### Impairment of debtors

The company makes an estimate of the recoverable value of trade debtors. When assessing the impairment of trade debtors, management include factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

##### Warranty provision

The warranty provision is based upon a percentage of sales of applicable products. The percentage applied is based upon historical experience and is reviewed on a regular basis by the directors.

##### **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the good sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction;
- and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# Thomas Storey Fabrications Group Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 July 2020

### 3. Accounting policies *(continued)*

#### **Taxation**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### **Foreign currencies**

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

#### **Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

#### **Goodwill**

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

#### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill - over 3 accounting periods

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

# Thomas Storey Fabrications Group Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 July 2020

### 3. Accounting policies *(continued)*

#### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

#### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Long leasehold property	-	9 years straight line
Plant and machinery	-	5 - 50% Straight line
Fixtures and fittings	-	5 - 33% Straight line
Motor vehicles	-	20% straight line
Equipment	-	33% straight line

#### Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

# Thomas Storey Fabrications Group Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 July 2020

#### 3. Accounting policies *(continued)*

##### **Stocks**

Stocks are measured 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 the stock to its present location and condition. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### **Finance leases and hire purchase contracts**

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

##### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

##### **Financial instruments**

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

# Thomas Storey Fabrications Group Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 July 2020

#### 3. Accounting policies *(continued)*

##### Financial instruments *(continued)*

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

##### Employee benefits

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### 4. Turnover

Turnover arises from:

	2020	2019
	£	£
Sale of goods	<u>9,450,089</u>	<u>12,616,106</u>

# Thomas Storey Fabrications Group Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 July 2020

### 4. Turnover *(continued)*

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

### 5. Gas contamination/laser breakdown costs

In September 2018 there was significant capital expenditure on two new lasers and an autoloader in order to increase capacity and further improve customer service and offering.

The installation of the Fibre Laser went smoothly although upon trying to run it, it broke down almost immediately. Despite a legion of tests on the machine, software and hardware it continued to malfunction.

It was only in December 2019 when the root cause of the issue was finally identified; the pipeline feeding nitrogen to the laser was contaminating the gas and in turn causing the laser to continually breakdown. This is despite gas tests having been carried out throughout the preceding months with the supplier confirming that the gas was clean.

The costs incurred as a result of this situation totalled £1,220,492, across the two latest financial periods, and were as a result of:

- Repairs to the laser itself,
- Refurbishment of an old machine to aid with cutting not carried out by the Fibre Laser,- Subcontract cutting costs,
- Transport to/from subcontractor,
- Inefficiency of material caused by cutting out of sequence or utilising suboptimal nests,
- Additional labour, supervision and overtime incurred,
- Additional gas and offline gas costs.

The pipeline that caused the contamination was installed and maintained by the gas supplier and as such Thomas Storey Fabrication Group Limited have begun legal proceedings.

### 6. Other operating income

	2020	2019
	£	£
Government grant income	671,626	-

### 7. Operating profit

Operating profit or loss is stated after charging/crediting:

	2020	2019
	£	£
Depreciation of tangible assets	235,331	214,999
Loss/(gains) on disposal of tangible assets	3,641	(4,459)
Impairment of trade debtors	5,000	-
Foreign exchange differences	8,483	6,961
Other operating lease rentals	400,000	400,000
Defined contribution pension cost	123,315	130,020

# Thomas Storey Fabrications Group Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 July 2020

#### 8. Auditor's remuneration

	2020	2019
	£	£
Fees payable for the audit of the financial statements	<u>7,813</u>	<u>3,225</u>

#### 9. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2020	2019
	No.	No.
Production staff	134	144
Management staff	<u>33</u>	<u>30</u>
	<u>167</u>	<u>174</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2020	2019
	£	£
Wages and salaries	3,625,340	3,539,896
Social security costs	327,819	352,918
Other pension costs	<u>123,316</u>	<u>130,020</u>
	<u>4,076,475</u>	<u>4,022,834</u>

#### 10. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2020	2019
	£	£
Remuneration	41,804	35,859
Company contributions to defined contribution pension plans	<u>8,200</u>	<u>7,400</u>
	<u>50,004</u>	<u>43,259</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2020	2019
	No.	No.
Defined contribution plans	<u>2</u>	<u>2</u>

#### 11. Interest payable and similar expenses

	2020	2019
	£	£
Interest on banks loans and overdrafts	22,796	28,140
HMRC fines and penalties	6,995	-
Other interest payable and similar charges	<u>73,761</u>	<u>65,955</u>
	<u>103,552</u>	<u>94,095</u>

# Thomas Storey Fabrications Group Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 July 2020

### 12. Tax on loss

#### Major components of tax income

	2020 £	2019 £
<b>Current tax:</b>		
UK current tax income	(30,770)	(22,085)
<b>Deferred tax:</b>		
Origination and reversal of timing differences	—	(57,601)
<b>Tax on loss</b>	<u>(30,770)</u>	<u>(79,686)</u>

#### Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £	2019 £
Loss on ordinary activities before taxation	(380,958)	(436,687)
Loss on ordinary activities by rate of tax	(72,382)	(82,971)
Effect of expenses not deductible for tax purposes	(2,233)	(1,723)
Effect of capital allowances and depreciation	29,203	1,674
Unused tax losses	6,859	12,836
Research and development tax credit uplift	(22,226)	(16,356)
Research and development tax credit paid	30,009	6,854
<b>Tax on loss</b>	<u>(30,770)</u>	<u>(79,686)</u>

### 13. Dividends

	2020 £	2019 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>160,000</u>	<u>178,600</u>

### 14. Intangible assets

	Goodwill £
<b>Cost</b>	
At 1 August 2019 and 31 July 2020	<u>(670,356)</u>
<b>Amortisation</b>	
At 1 August 2019 and 31 July 2020	<u>(670,356)</u>
<b>Carrying amount</b>	
At 31 July 2020	—
At 31 July 2019	—

# Thomas Storey Fabrications Group Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 July 2020

#### 15. Tangible assets

	Long leasehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
<b>Cost</b>						
At 1 Aug 2019	10,877	1,840,254	184,330	104,769	2,135	2,142,365
Additions	–	10,681	6,060	–	–	16,741
Disposals	–	(5,825)	–	(8,500)	–	(14,325)
<b>At 31 Jul 2020</b>	<u>10,877</u>	<u>1,845,110</u>	<u>190,390</u>	<u>96,269</u>	<u>2,135</u>	<u>2,144,781</u>
<b>Depreciation</b>						
At 1 Aug 2019	1,309	592,911	70,637	66,737	1,456	733,050
Charge for the year	1,209	184,282	36,010	13,423	407	235,331
Disposals	–	(534)	–	(8,500)	–	(9,034)
<b>At 31 Jul 2020</b>	<u>2,518</u>	<u>776,659</u>	<u>106,647</u>	<u>71,660</u>	<u>1,863</u>	<u>959,347</u>
<b>Carrying amount</b>						
<b>At 31 Jul 2020</b>	<u>8,359</u>	<u>1,068,451</u>	<u>83,743</u>	<u>24,609</u>	<u>272</u>	<u>1,185,434</u>
At 31 Jul 2019	<u>9,568</u>	<u>1,247,343</u>	<u>113,693</u>	<u>38,032</u>	<u>679</u>	<u>1,409,315</u>

The total carrying amount of tangible fixed assets are pledged as security for the company's loans.

#### Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	<b>Plant and machinery £</b>
<b>At 31 July 2020</b>	<u>578,568</u>
At 31 July 2019	<u>763,061</u>

#### 16. Stocks

	<b>2020 £</b>	<b>2019 £</b>
Raw materials and consumables	479,326	557,768
Work in progress	1,000,711	890,098
Finished goods and goods for resale	175,737	250,765
	<u>1,655,774</u>	<u>1,698,631</u>

The total carrying amount of stock is pledged as security for the company's loans.

# Thomas Storey Fabrications Group Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 July 2020

### 17. Debtors

	2020	2019
	£	£
Trade debtors	2,097,144	2,620,523
Called up share capital not paid	18	18
Prepayments and accrued income	175,138	160,291
Corporation tax repayable	52,855	22,085
Other debtors	90,116	10,297
	<u>2,415,271</u>	<u>2,813,214</u>

Trade debtors are stated net of provisions for impairment of £35,000 (2019: £nil).

The total carrying amount of debtors is pledged as security for the company's loans.

### 18. Creditors: amounts falling due within one year

	2020	2019
	£	£
Bank loans and overdrafts	13,333	-
Trade creditors	1,304,219	1,947,354
Accruals and deferred income	191,442	236,368
Social security and other taxes	846,434	245,872
Obligations under finance leases and hire purchase contracts	53,074	200,656
Other creditors	1,965,967	2,330,355
	<u>4,374,469</u>	<u>4,960,605</u>

Bank loans of £400,000 (2019: £nil) and other creditors of £1,837,921 (2019: £2,324,650) are secured via a debenture over the assets of the company, together with personal guarantees from each of the three directors for £70,000.

### 19. Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Bank loans and overdrafts	386,667	-
Obligations under finance leases and hire purchase contracts	572,071	517,745
	<u>958,738</u>	<u>517,745</u>

Included within creditors: amounts falling due after more than one year is an amount of £66,667 (2019: £nil) in respect of liabilities payable or repayable by installments which fall due for payment after more than five years from the reporting date.

This is repayable in equal monthly installments and attracts an interest rate of 3.69%.

# Thomas Storey Fabrications Group Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 July 2020

#### 20. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2020	2019
	£	£
Not later than 1 year	83,699	200,656
Later than 1 year and not later than 5 years	541,446	517,745
	<u>625,145</u>	<u>718,401</u>

#### 21. Employee benefits

##### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £123,316 (2019: £130,020).

#### 22. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2020	2019
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	<u>671,626</u>	<u>—</u>

During the year Thomas Storey Fabrications Group Limited received non-repayable grants totalling £671,626 consisting of £584,126 under the Coronavirus Job Retention Scheme and £87,500 under the Economic Growth Grant scheme, both were recognised in the profit and loss account at the date of receipt.

Also during the year Thomas Storey Fabrications Group Limited received a repayable loan of £400,000 under the Coronavirus Business Interruption Loan scheme.

#### 23. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2020	2019
	£	£
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Financial assets that are debt instruments measured at amortised cost	<u>2,240,132</u>	<u>2,652,923</u>
<b>Financial liabilities measured at amortised cost</b>		
Financial liabilities measured at amortised cost	<u>4,295,331</u>	<u>4,996,108</u>

# Thomas Storey Fabrications Group Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 July 2020

### 24. Called up share capital

#### Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
A Ordinary shares of £0.10 each	61	6	61	6
B Ordinary shares of £0.10 each	120	12	120	12
	<u>181</u>	<u>18</u>	<u>181</u>	<u>18</u>

### 25. Reserves

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

### 26. Analysis of changes in net debt

	At 1 Aug 2019	Cash flows	At 31 Jul 2020
	£	£	£
Cash at bank and in hand	137,327	9,350	146,677
Debt due within one year	(200,656)	134,249	(66,407)
Debt due after one year	(517,745)	(440,993)	(958,738)
	<u>(581,074)</u>	<u>(297,394)</u>	<u>(878,468)</u>

### 27. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	£	£
Not later than 1 year	404,914	404,914
Later than 1 year and not later than 5 years	567,895	927,810
	<u>972,809</u>	<u>1,332,724</u>

### 28. Events after the end of the reporting period

The COVID-19 pandemic continued to impact the business throughout 2020, however turnover returned to pre-pandemic levels in Q2 of 2021 and the company resumed operating profitably.

During this period the company has taken on two new customers and is in conversation with a number of others. This is as a result of a resurgence of work following COVID-19 and the impact of Brexit - businesses wishing to re-shore activities.