

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020
FOR
CURROCK ENGINEERING COMPANY LIMITED

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FOR THE YEAR ENDED 31 OCTOBER 2020

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CURROCK ENGINEERING COMPANY LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 OCTOBER 2020

DIRECTORS:	A Murray Mrs J Murray
SECRETARY:	Mrs J Murray
REGISTERED OFFICE:	Unit 9, Tattersall Way Widford Industrial Estate Chelmsford Essex CM1 3UB
REGISTERED NUMBER:	00828340 (England and Wales)
SENIOR STATUTORY AUDITOR:	Philip Lawrence
AUDITORS:	Baverstocks Limited Statutory Auditor Chartered Accountants Dickens House Guithavon Street Witham Essex CM8 1BJ

STRATEGIC REPORT
FOR THE YEAR ENDED 31 OCTOBER 2020

The directors present their strategic report for the year ended 31 October 2020.

REVIEW OF BUSINESS

The principal activities of the company continued during the year as precision engineers.

The key financial and other performance indicators during the year were as follows:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Turnover	9,476,760	9,093,436	+4.22%
Operating profit	340,253	229,104	+48.51%
Profit after tax	853,364	783,888	+8.86%
Equity shareholders' funds	6,936,709	6,199,745	+11.89%
Stock and work in progress	5,534,933	5,044,465	+9.72%
Gross profit percentage	19.16%	20.51%	-1.35%
Current ratio	213%	170%	+43%
Average number of employees	92	89	+3

During 2020 the company has continued improving the internal structure of the business towards the aim for future growth. The company has continued to develop its MRP/ERP system allowing for improvements in manufacturing efficiencies, key performance indicators and stock control processes.

The company continues to apply the techniques and lessons learnt from the engagement with the Sharing in Growth programme, which has allowed the Company to develop solid foundations for growth which is reflected in these accounts.

This has resulted in an increase in turnover of 4.22% compared to 2019 and an increase in operating profits of £111,149. Although the company has suffered a reduction in the gross profit margin of 1.35%, this is a result of the increase in employee numbers and the increased depreciation and maintenance costs incurred following the significant plant investment in the prior year, laying the foundations for current and future growth.

Profit after tax for the year was £853,364, which included a research and development tax credit of £614,579. As a result, there has been an increase in shareholders' funds of 11.89%.

The Directors consider this to be a strong performance in the current climate. Due to the markets in which the company operates the company has been able to continue operating throughout the year following government safety guidelines. As a result of this the company has been able to navigate the pandemic relatively unscathed.

The Directors aim to further improve the position of the company within the marketplace during 2021 with enhanced process capabilities together with the robust and on-going research and development program.

The company has a significant order book and is anticipating further substantial contracts during the forthcoming year allowing the company's continued expansion.

ON BEHALF OF THE BOARD:

A Murray - Director

20 July 2021

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 OCTOBER 2020

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

DIVIDENDS

The total distribution of dividends for the year ended 31 October 2020 will be £ 116,400 .

DIRECTORS

The directors shown below have held office during the whole of the period from 1 November 2019 to the date of this report.

A Murray
Mrs J Murray

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of 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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

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

ON BEHALF OF THE BOARD:

A Murray - Director

20 July 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CURROCK ENGINEERING COMPANY LIMITED

Opinion

We have audited the financial statements of Currock Engineering Company Limited (the 'company') for the year ended 31 October 2020 which comprise the Income Statement, Other 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CURROCK ENGINEERING COMPANY LIMITED

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 Report of the Directors.

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Philip Lawrence (Senior Statutory Auditor)
for and on behalf of Baverstocks Limited
Statutory Auditor
Chartered Accountants
Dickens House
Guithavon Street
Witham
Essex
CM8 1BJ

20 July 2021

CURROCK ENGINEERING COMPANY LIMITED (REGISTERED NUMBER: 00828340)

INCOME STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2020

	Notes	2020 £	£	2019 £	£
TURNOVER			9,476,760		9,093,436
Cost of sales			<u>7,660,589</u>		<u>7,228,230</u>
GROSS PROFIT			1,816,171		1,865,206
Distribution costs		73,733		64,954	
Administrative expenses		<u>1,429,932</u>		<u>1,571,148</u>	
			<u>1,503,665</u>		<u>1,636,102</u>
			312,506		229,104
Other operating income			<u>27,747</u>		<u>-</u>
OPERATING PROFIT	4		340,253		229,104
Interest receivable and similar income			<u>55</u>		<u>8</u>
			340,308		229,112
Interest payable and similar expenses	6		<u>120,373</u>		<u>97,791</u>
PROFIT BEFORE TAXATION			219,935		131,321
Tax on profit	7		<u>(633,429)</u>		<u>(652,567)</u>
PROFIT FOR THE FINANCIAL YEAR			<u>853,364</u>		<u>783,888</u>

The notes form part of these financial statements

CURROCK ENGINEERING COMPANY LIMITED (REGISTERED NUMBER: 00828340)

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2020

	Notes	2020 £	2019 £
PROFIT FOR THE YEAR		853,364	783,888
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME			
FOR THE YEAR		<u>853,364</u>	<u>783,888</u>

The notes form part of these financial statements

CURROCK ENGINEERING COMPANY LIMITED (REGISTERED NUMBER: 00828340)**BALANCE SHEET**
31 OCTOBER 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Tangible assets	9		4,418,577		4,937,772
CURRENT ASSETS					
Stocks	10	5,534,933		5,044,465	
Debtors	11	3,115,197		3,288,872	
Cash at bank		<u>116,940</u>		<u>158,968</u>	
		8,767,070		8,492,305	
CREDITORS					
Amounts falling due within one year	12	<u>4,122,167</u>		<u>4,997,354</u>	
NET CURRENT ASSETS			<u>4,644,903</u>		<u>3,494,951</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			9,063,480		8,432,723
CREDITORS					
Amounts falling due after more than one year	13		(1,672,880)		(1,759,848)
PROVISIONS FOR LIABILITIES	17		<u>(453,891)</u>		<u>(473,130)</u>
NET ASSETS			<u>6,936,709</u>		<u>6,199,745</u>
CAPITAL AND RESERVES					
Called up share capital	18		300,200		300,200
Retained earnings	19		<u>6,636,509</u>		<u>5,899,545</u>
SHAREHOLDERS' FUNDS			<u>6,936,709</u>		<u>6,199,745</u>

The financial statements were approved by the Board of Directors and authorised for issue on 20 July 2021 and were signed on its behalf by:

A Murray - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 November 2018	300,200	5,207,057	5,507,257
Changes in equity			
Dividends	-	(91,400)	(91,400)
Total comprehensive income	-	783,888	783,888
Balance at 31 October 2019	<u>300,200</u>	<u>5,899,545</u>	<u>6,199,745</u>
Changes in equity			
Dividends	-	(116,400)	(116,400)
Total comprehensive income	-	853,364	853,364
Balance at 31 October 2020	<u>300,200</u>	<u>6,636,509</u>	<u>6,936,709</u>

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	6,817	767,441
Interest paid		(10,902)	(7,831)
Interest element of hire purchase payments paid		(109,471)	(89,960)
Tax paid		-	(145,174)
Taxation refund		810,793	695,861
Net cash from operating activities		<u>697,237</u>	<u>1,220,337</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(49,336)	(1,432,704)
Sale of tangible fixed assets		-	18,500
Interest received		55	8
Net cash from investing activities		<u>(49,281)</u>	<u>(1,414,196)</u>
Cash flows from financing activities			
New loans in year		250,000	-
Loan repayments in year		(16,558)	-
Invoice discounting advance		(110,152)	223,292
Trade finance facility		(47,119)	51,147
Capital repayments in year		(643,959)	107,231
Amount introduced by directors		75,000	50,000
Amount withdrawn by directors		(80,796)	(89,030)
Equity dividends paid		(116,400)	(91,400)
Net cash from financing activities		<u>(689,984)</u>	<u>251,240</u>
(Decrease)/increase in cash and cash equivalents		<u>(42,028)</u>	<u>57,381</u>
Cash and cash equivalents at beginning of year	2	158,968	101,587
Cash and cash equivalents at end of year	2	<u>116,940</u>	<u>158,968</u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2020**

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

	2020	2019
	£	£
Profit before taxation	219,935	131,321
Depreciation charges	568,280	360,394
Profit on disposal of fixed assets	-	(10,634)
Finance costs	120,373	97,791
Finance income	(55)	(8)
	<u>908,533</u>	<u>578,864</u>
(Increase)/decrease in stocks	(490,468)	438,436
Increase in trade and other debtors	(17,132)	(135,672)
Decrease in trade and other creditors	<u>(394,116)</u>	<u>(114,187)</u>
Cash generated from operations	<u><u>6,817</u></u>	<u><u>767,441</u></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 2020

	31.10.20	1.11.19
	£	£
Cash and cash equivalents	<u>116,940</u>	<u>158,968</u>

Year ended 31 October 2019

	31.10.19	1.11.18
	£	£
Cash and cash equivalents	<u>158,968</u>	<u>101,587</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.11.19	Cash flow	At 31.10.20
	£	£	£
Net cash			
Cash at bank	<u>158,968</u>	<u>(42,028)</u>	<u>116,940</u>
	<u>158,968</u>	<u>(42,028)</u>	<u>116,940</u>
Debt			
Finance leases	(2,654,666)	643,959	(2,010,707)
Debts falling due within 1 year	(1,801,266)	115,027	(1,686,239)
Debts falling due after 1 year	-	(190,947)	(190,947)
	<u>(4,455,932)</u>	<u>568,039</u>	<u>(3,887,893)</u>
Total	<u><u>(4,296,964)</u></u>	<u><u>526,011</u></u>	<u><u>(3,770,953)</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020

1. **STATUTORY INFORMATION**

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

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no estimates and assumptions that have a significant risk of causing material adjustment in the financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Short Leasehold	- 10% on cost
Plant and Machinery	- 25% on reducing balance and 10% on reducing balance
Fixtures and Fittings	- 25% on reducing balance
Motor Vehicles	- 25% on reducing balance
Office Equipment	- 33% on cost

Stocks

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

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

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2020

2. **ACCOUNTING POLICIES - continued**

Deferred tax

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

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

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

Hire purchase and leasing commitments

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 the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

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.

Invoice discounting

Trade receivables are subject to an invoice discounting facility whereby an advance is received based upon and secured upon trade debtors.

Where the Company has retained significant risks and rewards relating to the discounted debts, separate presentation is adopted whereby the gross debts and a corresponding liability in respect of the advance received is shown separately on the balance sheet within creditors. The interest element of the invoice discounter's charge is recognised as it accrues and included in the profit and loss account within finance costs.

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

3. **EMPLOYEES AND DIRECTORS**

	2020	2019
	£	£
Wages and salaries	4,060,820	4,163,806
Social security costs	20,636	19,288
Other pension costs	169,580	132,134
	<u>4,251,036</u>	<u>4,315,228</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2020

3. EMPLOYEES AND DIRECTORS - continued

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

	2020	2019
Cost of Sales	88	85
Administration and Management	<u>4</u>	<u>4</u>
	<u>92</u>	<u>89</u>
	2020	2019
	£	£
Directors' remuneration	166,987	156,851
Directors' pension contributions to money purchase schemes	<u>38,007</u>	<u>37,692</u>

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

Money purchase schemes	<u>2</u>	<u>2</u>
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4. OPERATING PROFIT

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

	2020	2019
	£	£
Depreciation - owned assets	245,965	138,406
Depreciation - assets on hire purchase contracts	322,566	221,988
Profit on disposal of fixed assets	-	(10,634)
Auditors Remuneration	<u>12,000</u>	<u>9,000</u>

5. EXCEPTIONAL ITEMS

	2020	2019
	£	£
Reallocation of Assets from Opening Stock	<u>-</u>	<u>1,141,133</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Bank Interest	3,650	5,539
Loan Interest	5,053	-
Other Interest	2,199	2,292
Hire Purchase Interest	<u>109,471</u>	<u>89,960</u>
	<u>120,373</u>	<u>97,791</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2020

7. TAXATION

Analysis of the tax credit

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

	2020	2019
	£	£
Current tax:		
UK corporation tax	(614,579)	(847,623)
Over Provision in Prior Years	389	-
Total current tax	<u>(614,190)</u>	<u>(847,623)</u>
Deferred Taxation	<u>(19,239)</u>	<u>195,056</u>
Tax on profit	<u>(633,429)</u>	<u>(652,567)</u>

Reconciliation of total tax credit included in profit and loss

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

	2020	2019
	£	£
Profit before tax	<u>219,935</u>	<u>131,321</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	41,788	24,951
Effects of:		
Expenses not deductible for tax purposes	13,577	19,618
Adjustments to tax charge in respect of previous periods	389	-
Research and development enhanced expenditure claim	<u>(689,183)</u>	<u>(697,136)</u>
Total tax credit	<u>(633,429)</u>	<u>(652,567)</u>

8. DIVIDENDS

	2020	2019
	£	£
Ordinary A shares of £1 each		
Interim	<u>116,400</u>	<u>91,400</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2020

9. **TANGIBLE FIXED ASSETS**

	Short Leaschold £	Plant and Machinery £	Fixtures and Fittings £
COST			
At 1 November 2019	80,339	7,979,205	242,423
Additions	-	36,751	6,305
At 31 October 2020	<u>80,339</u>	<u>8,015,956</u>	<u>248,728</u>
DEPRECIATION			
At 1 November 2019	80,339	3,306,613	184,111
Charge for year	-	472,843	15,647
At 31 October 2020	<u>80,339</u>	<u>3,779,456</u>	<u>199,758</u>
NET BOOK VALUE			
At 31 October 2020	<u>-</u>	<u>4,236,500</u>	<u>48,970</u>
At 31 October 2019	<u>-</u>	<u>4,672,592</u>	<u>58,312</u>
	Motor Vehicles £	Office Equipment £	Totals £
COST			
At 1 November 2019	153,350	772,243	9,227,560
Additions	-	6,280	49,336
At 31 October 2020	<u>153,350</u>	<u>778,523</u>	<u>9,276,896</u>
DEPRECIATION			
At 1 November 2019	33,831	684,894	4,289,788
Charge for year	29,880	50,161	568,531
At 31 October 2020	<u>63,711</u>	<u>735,055</u>	<u>4,858,319</u>
NET BOOK VALUE			
At 31 October 2020	<u>89,639</u>	<u>43,468</u>	<u>4,418,577</u>
At 31 October 2019	<u>119,519</u>	<u>87,349</u>	<u>4,937,772</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2020

9. TANGIBLE FIXED ASSETS - continued

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

	Plant and Machinery £	Motor Vehicles £	Office Equipment £	Totals £
COST				
At 1 November 2019	3,993,144	153,350	37,324	4,183,818
Transfer to ownership	(494,312)	(30,870)	(37,324)	(562,506)
At 31 October 2020	<u>3,498,832</u>	<u>122,480</u>	<u>-</u>	<u>3,621,312</u>
DEPRECIATION				
At 1 November 2019	1,284,177	33,832	25,919	1,343,928
Charge for year	281,281	29,880	11,405	322,566
Transfer to ownership	(219,453)	(20,343)	(37,324)	(277,120)
At 31 October 2020	<u>1,346,005</u>	<u>43,369</u>	<u>-</u>	<u>1,389,374</u>
NET BOOK VALUE				
At 31 October 2020	<u>2,152,827</u>	<u>79,111</u>	<u>-</u>	<u>2,231,938</u>
At 31 October 2019	<u>2,708,967</u>	<u>119,518</u>	<u>11,405</u>	<u>2,839,890</u>

10. STOCKS

	2020 £	2019 £
Stocks	3,420,180	2,832,897
Work in Progress	<u>2,114,753</u>	<u>2,211,568</u>
	<u>5,534,933</u>	<u>5,044,465</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade Debtors	2,309,709	2,275,616
Directors Current Accounts	80,535	74,739
Tax	651,020	847,623
Prepayments and Accrued Income	<u>73,933</u>	<u>90,894</u>
	<u>3,115,197</u>	<u>3,288,872</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Other loans (see note 14)	1,686,239	1,801,266
Hire purchase contracts (see note 15)	528,774	894,818
Trade Creditors	769,488	1,371,544
Social Security and Other Taxes	968,271	749,543
Other Creditors	145,275	156,063
Accruals and Deferred Income	<u>24,120</u>	<u>24,120</u>
	<u>4,122,167</u>	<u>4,997,354</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2020****13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2020	2019
	£	£
Other loans (see note 14)	190,947	-
Hire purchase contracts (see note 15)	1,481,933	1,759,848
	<u>1,672,880</u>	<u>1,759,848</u>

14. LOANS

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Other Loans	42,244	-
Invoice Discounting Advance	1,139,970	1,250,122
Trade Finance Facility	504,025	551,144
	<u>1,686,239</u>	<u>1,801,266</u>
Amounts falling due between one and two years:		
Other Loans - 1-2 years	51,756	-
Amounts falling due between two and five years:		
Other Loans	139,191	-

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2020	2019
	£	£
Gross obligations repayable:		
Within one year	606,991	1,005,202
Between one and five years	1,567,315	1,923,447
	<u>2,174,306</u>	<u>2,928,649</u>
Finance charges repayable:		
Within one year	78,217	110,384
Between one and five years	85,382	163,599
	<u>163,599</u>	<u>273,983</u>
Net obligations repayable:		
Within one year	528,774	894,818
Between one and five years	1,481,933	1,759,848
	<u>2,010,707</u>	<u>2,654,666</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2020

15. LEASING AGREEMENTS - continued

	Non-cancellable operating leases	
	2020	2019
	£	£
Within one year	224,483	239,905
Between one and five years	<u>259,000</u>	<u>492,427</u>
	<u>483,483</u>	<u>732,332</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	2020	2019
	£	£
Hire purchase contracts	2,010,707	2,654,666
Invoice discounting advance	<u>1,139,970</u>	<u>1,250,122</u>
	<u>3,150,677</u>	<u>3,904,788</u>

The amount due to Bibby Invoice Discounting Ltd is in respect of sales invoice discounting and is secured by way of a fixed and floating charge over the assets of the Company.

17. PROVISIONS FOR LIABILITIES

	2020	2019
	£	£
Deferred Taxation	<u>453,891</u>	<u>473,130</u>
		Deferred tax
		£
Balance at 1 November 2019		473,130
Credit to Income Statement during year		<u>(19,239)</u>
Balance at 31 October 2020		<u>453,891</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
			£	£
166	Ordinary A	£1	166	166
34	Ordinary B	£1	34	34
300,000	Ordinary C	£1	<u>300,000</u>	<u>300,000</u>
			<u>300,200</u>	<u>300,200</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2020

19. **RESERVES**

	Retained earnings £
At 1 November 2019	5,899,545
Profit for the year	853,364
Dividends	<u>(116,400)</u>
At 31 October 2020	<u>6,636,509</u>

20. **DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to a director subsisted during the years ended 31 October 2020 and 31 October 2019:

	2020 £	2019 £
A Murray		
Balance outstanding at start of year	74,739	35,709
Amounts advanced	80,796	89,030
Amounts repaid	(75,000)	(50,000)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>80,535</u>	<u>74,739</u>

21. **RELATED PARTY DISCLOSURES**

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

	2020 £	2019 £
Purchases	18,128	19,811
Amount due to related party	<u>3,014</u>	<u>3,157</u>

During the year, a total of key management personnel compensation of £ 319,861 (2019 - £ 306,402) was paid.

22. **ULTIMATE CONTROLLING PARTY**

The controlling party is A Murray.

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