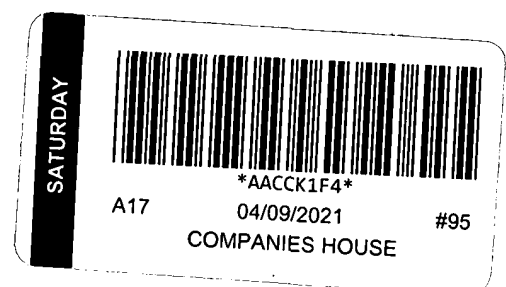


REGISTERED NUMBER: 01554968 (England and Wales)

**Group Strategic Report,
Report of the Directors and
Consolidated Financial Statements
for the Year Ended 31 December 2020
for
Teescraft Engineering Limited**



**Contents of the Consolidated Financial Statements
for the Year Ended 31 December 2020**

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Teescraft Engineering Limited
Company Information
for the Year Ended 31 December 2020

DIRECTORS:

R J Yorke
J C Laverick
S Yorke

SECRETARY:

J C Laverick

REGISTERED OFFICE:

Unit 2
South Church Enterprise Park
Bishop Auckland
Co Durham
DL14 6XB

REGISTERED NUMBER:

01554968 (England and Wales)

SENIOR STATUTORY AUDITOR: Gary Ellis BA BFP FCA

AUDITORS:

Clive Owen LLP
Chartered Accountants
Statutory Auditors
Kepier House
Belmont Business Park
Durham
DH1 1TW

**Group Strategic Report
for the Year Ended 31 December 2020**

Business Review:

The principal activities of the group are: -

Teescraft Engineering Limited - Precision Machine Engineering, mainly for the Automotive, Yellow Goods, Oil and Gas Industries.

The Stockton Casting Company Limited - Manufacture of High-Grade Engineering Castings for Automotive, Air Compressor, Oil and Gas Industries.

LH (Quarry Plant) Limited - Precision Machine Engineering and Manufacture, Maintenance and Spares Supplier of Crusher Machines.

Westlands Casting Company Limited - Manufacture of precision aluminium alloy castings. As of 1 June 2020 Westlands became 75% owned by Teescraft Engineering Limited.

The group turnover for the year to 31 December 2020 was £19,526,072 (2019: £19,981,950) this a slight decrease on the previous year due to the challenges posed by the Covid-19 pandemic which caused several periods of national lockdowns and imposed significant travel restrictions. Despite the pandemic all group companies were able to continue to operate throughout, this being the reason for no substantial drop in activity.

The group operating profit for the year to 31 December 2020 was £903,947 (2019: profit £1,121,805) the decrease being due to increase in administration and staff costs, and the effect of Covid-19. This was particularly apparent in the profitability of the new acquisitions, which rely heavily on a buoyant Oil and Gas sector, which reduced significantly during the Covid-19 Pandemic.

KPIs

The performance of the group is monitored with reference to several key performance indicators (KPI's) including:

- Sales, costs and profit margin
- Review of aged debtors and aged creditors
- Debtors and creditors days
- Stock days
- Project costing and contract control
- Cash flow forecasting

The accounting systems facilitate the gathering of the appropriate data.

PRINCIPAL RISKS AND UNCERTAINTIES

The group produces monthly management accounts including cashflow reports and trading projections. These are reviewed on a monthly basis to identify variances from budget. The principal risks and uncertainties facing the business are:

Covid-19

The recovery of some elements of the business are directly linked to a buoyant Oil and Gas Industry as it recovers from the effect of Covid-19. In general, with the assistance of the Government's Furlough Scheme, the Group have weathered the effects of Covid-19 well and are looking forward to a less traumatic period of business.

Foreign exchange risk

The Group purchases product from overseas, particularly China, India and the Middle East and exports to several Countries, including USA. As such, it is exposed to the variability of foreign exchange rates.

Interest rate

The group has third party debt so is exposed to the variability of interest rates. The directors have regularly reviewed the options available and have decided in the past not to undertake hedging against movements in interest rates. Going forward the directors are aware that the group may be affected by adverse movements in interest rates and will continue to monitor the requirement for hedging as appropriate.

**Group Strategic Report
for the Year Ended 31 December 2020**

Inflation risk

The Directors do not perceive their inflation risk to be significant to the Group but regularly monitor their financial information to ensure that risks in this area are controlled.

Liquidity risk

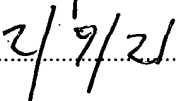
The directors do not perceive liquidity risk to be significant to the group but regularly monitor the financial information to ensure that any risks in this area are controlled.

Future plans

The plans for the Group are to continue to grow the business, either organically or by acquisition as appropriate and to meet the increased demands of their customers.

ON BEHALF OF THE BOARD:


.....
R J Yorke - Director

Date: .....

**Report of the Directors
for the Year Ended 31 December 2020**

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

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2020 was £400,000.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

R J Yorke
J C Laverick
S Yorke

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group 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 the group and of the profit or loss of the group 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

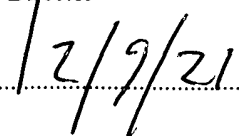
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant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

AUDITORS

The auditors, Clive Owen LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:


.....
R J Yorke - Director

Date: 
.....

**Report of the Independent Auditors to the Members of
Teescraft Engineering Limited**

Qualified opinion

We have audited the financial statements of Teescraft Engineering Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Profit and Loss Account, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effect of the matter described in the basis for qualified opinion section, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2020 and of its profit for the year then ended.
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified 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 qualified opinion.

We were not appointed as auditor of Westlands Casting Company Limited until after the acquisition date of 1 June 2020 and thus did not attend the stocktake at that date nor at 31 December 2020. Consequently we are unable to satisfy ourselves in respect of the accuracy of stock quantities of £101,758 held at 1 June 2020 or stock quantities of £97,617 held at 31 December 2020. In addition, we were unable to determine whether there was any consequential effect on the cost of sales for the period to 31 December 2020.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' 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 group's and the parent 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 directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group 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 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.

**Report of the Independent Auditors to the Members of
Teescraft Engineering Limited**

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 four, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Report of the Independent Auditors to the Members of
Teescraft Engineering Limited**

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Our audit must be alert to the risk of manipulation of the financial statements and seek to understand the incentives and opportunities for management to achieve this.

We have undertaken the following procedures to identify and respond to these risks of non-compliance:

- Understanding the key legal and regulatory frameworks that are applicable to the group. We communicated identified laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit. We determined the most significant of these to be financial reporting legislation, taxation legislation, health & safety, environmental legislation and employment law.
- Enquiry of directors and management as to policies and procedures to ensure compliance and any known instances of non-compliance.
- Review of board minutes and correspondence with regulators.
- Enquiry of directors and management as to areas of the financial statements susceptible to fraud and how these risks are managed.
- Challenging management on key estimates, assumptions and judgements made in the preparation of the financial statements. These key areas of uncertainty are disclosed in the accounting policies.
- Identifying and testing unusual journal entries, with a particular focus on manual journal entries.

Through these procedures, we did not become aware of actual or suspected non-compliance.

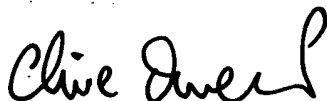
We planned and performed our audit in accordance with auditing standards but owing to the inherent limitations of procedures required in these areas, there is an unavoidable risk that we may not have detected a material misstatement in the accounts. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. 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 concealment, collusion, forgery, misrepresentations, or override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.

**Report of the Independent Auditors to the Members of
Teescraft Engineering Limited**

Use of our report

This report is made solely to the group'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 group'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 group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.



Gary Ellis BA BFP FCA (Senior Statutory Auditor)
for and on behalf of Clive Owen LLP

Chartered Accountants

Statutory Auditors

Kepier House

Belmont Business Park

Durham

DH1 1TW

Date:

2 September 2021

Teescraft Engineering Limited (Registered number: 01554968)

**Consolidated
Profit and Loss Account**

for the Year Ended 31 December 2020

	Notes	2020		2019	
		£	£	£	£
TURNOVER	3		19,526,072		19,981,950
Cost of sales			16,831,595		16,898,202
GROSS PROFIT			2,694,477		3,083,748
Administrative expenses			2,287,029		2,028,272
			407,448		1,055,476
Other operating income	4		496,499		66,329
OPERATING PROFIT	6		903,947		1,121,805
Income from shares in group undertakings			-	26,493	
Interest receivable and similar income		1,171		1,708	
			1,171		28,201
			905,118		1,150,006
Interest payable and similar expenses	7		131,980		100,968
PROFIT BEFORE TAXATION			773,138		1,049,038
Tax on profit	8		114,689		24,481
PROFIT FOR THE FINANCIAL YEAR			658,449		1,024,557
Profit attributable to:					
Owners of the parent			670,596		1,024,557
Non-controlling interests			(12,147)		-
			658,449		1,024,557

The notes form part of these financial statements

Teescraft Engineering Limited (Registered number: 01554968)

**Consolidated
Other Comprehensive Income**

for the Year Ended 31 December 2020

Notes	2020 £	2019 £
PROFIT FOR THE YEAR	658,449	1,024,557
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>658,449</u>	<u>1,024,557</u>
Total comprehensive income attributable to:		
Owners of the parent	670,596	1,024,557
Non-controlling interests	(12,147)	-
	<u>658,449</u>	<u>1,024,557</u>

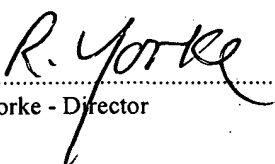
The notes form part of these financial statements

Teescraft Engineering Limited (Registered number: 01554968)

**Consolidated Balance Sheet
31 December 2020**

		2020		2019	
Notes	£	£	£	£	£
FIXED ASSETS					
Intangible assets	11		(326,803)		(321,646)
Tangible assets	12		5,046,784		4,794,382
Investments	13		-		300,000
			4,719,981		4,772,736
CURRENT ASSETS					
Stocks	14	3,187,786		2,937,673	
Debtors	15	5,134,273		5,357,364	
Cash at bank and in hand		629,539		387,899	
		8,951,598		8,682,936	
CREDITORS					
Amounts falling due within one year	16	4,464,448		5,018,890	
NET CURRENT ASSETS					
			4,487,150		3,664,046
TOTAL ASSETS LESS CURRENT LIABILITIES					
			9,207,131		8,436,782
CREDITORS					
Amounts falling due after more than one year	17		(2,512,271)		(2,193,712)
PROVISIONS FOR LIABILITIES	21		(296,800)		(246,013)
NET ASSETS					
			6,398,060		5,997,057
CAPITAL AND RESERVES					
Called up share capital	22		10,100		10,100
Retained earnings	23		6,250,107		5,986,957
SHAREHOLDERS' FUNDS					
			6,260,207		5,997,057
NON-CONTROLLING INTERESTS					
	24		137,853		-
TOTAL EQUITY					
			6,398,060		5,997,057

The financial statements were approved by the Board of Directors and authorised for issue on 2/9/2021 and were signed on its behalf by:



.....
R J Yorke - Director

The notes form part of these financial statements

Teescraft Engineering Limited (Registered number: 01554968)

**Company Balance Sheet
31 December 2020**

	Notes	2020		2019	
		£	£	£	£
FIXED ASSETS					
Intangible assets	11		(675,339)		(540,112)
Tangible assets	12		3,385,522		3,256,525
Investments	13		3,212,835		3,062,835
			<u>5,923,018</u>		<u>5,779,248</u>
CURRENT ASSETS					
Stocks	14	1,883,053		1,627,802	
Debtors	15	4,002,398		3,860,858	
Cash at bank and in hand		169,549		145,671	
		<u>6,055,000</u>		<u>5,634,331</u>	
CREDITORS					
Amounts falling due within one year	16	4,233,193		4,121,638	
			<u>1,821,807</u>		<u>1,512,693</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>7,744,825</u>		<u>7,291,941</u>
CREDITORS					
Amounts falling due after more than one year	17		(2,166,771)		(1,773,803)
PROVISIONS FOR LIABILITIES					
	21		(150,873)		(109,794)
NET ASSETS					
			<u>5,427,181</u>		<u>5,408,344</u>
CAPITAL AND RESERVES					
Called up share capital	22		10,100		10,100
Retained earnings	23		5,417,081		5,398,244
SHAREHOLDERS' FUNDS					
			<u>5,427,181</u>		<u>5,408,344</u>
Company's profit for the financial year			<u>418,837</u>		<u>1,055,662</u>

The financial statements were approved by the Board of Directors and authorised for issue on 21/9/2021 and were signed on its behalf by:

R. Yorke

.....
R J Yorke - Director

The notes form part of these financial statements.

Teescraft Engineering Limited (Registered number: 01554968)

**Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2020**

	Called up share capital £	Retained earnings £	Total £	Non-controlling interests £	Total equity £
Balance at 1 January 2019	10,100	5,675,400	5,685,500	-	5,685,500
Changes in equity					
Dividends	-	(713,000)	(713,000)	-	(713,000)
Total comprehensive income	-	1,024,557	1,024,557	-	1,024,557
Balance at 31 December 2019	<u>10,100</u>	<u>5,986,957</u>	<u>5,997,057</u>	<u>-</u>	<u>5,997,057</u>
Changes in equity					
Dividends	-	(407,446)	(407,446)	-	(407,446)
Total comprehensive income	-	670,596	670,596	(12,147)	658,449
	<u>10,100</u>	<u>6,250,107</u>	<u>6,260,207</u>	<u>(12,147)</u>	<u>6,248,060</u>
Acquisition of non-controlling interest	-	-	-	150,000	150,000
Balance at 31 December 2020	<u><u>10,100</u></u>	<u><u>6,250,107</u></u>	<u><u>6,260,207</u></u>	<u><u>137,853</u></u>	<u><u>6,398,060</u></u>

The notes form part of these financial statements

Teescraft Engineering Limited (Registered number: 01554968)

**Company Statement of Changes in Equity
for the Year Ended 31 December 2020**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2019	10,100	5,055,582	5,065,682
Changes in equity			
Dividends	-	(713,000)	(713,000)
Total comprehensive income	-	1,055,662	1,055,662
Balance at 31 December 2019	<u>10,100</u>	<u>5,398,244</u>	<u>5,408,344</u>
Changes in equity			
Dividends	-	(400,000)	(400,000)
Total comprehensive income	-	418,837	418,837
Balance at 31 December 2020	<u>10,100</u>	<u>5,417,081</u>	<u>5,427,181</u>

The notes form part of these financial statements

Teescraft Engineering Limited (Registered number: 01554968)

**Consolidated Cash Flow Statement
for the Year Ended 31 December 2020**

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	668,856	977,718
Interest paid		(105,134)	(87,197)
Interest element of hire purchase payments paid		(26,846)	(13,771)
Government grants		469,499	42,313
Assets on acquisition		373,593	-
Tax paid		63,709	(252,105)
Net cash from operating activities		1,443,677	666,958
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(1,756)
Purchase of tangible fixed assets		(1,201,106)	(1,056,048)
Purchase of fixed asset investments		-	(150,000)
Sale of tangible fixed assets		525	15,000
Acquisitions of subsidiary		(150,000)	-
Interest received		1,171	1,708
Dividends received		-	26,493
Net cash from investing activities		(1,349,410)	(1,164,603)
Cash flows from financing activities			
New loans in year		573,850	1,178,000
Loan repayments in year		(117,466)	(889,004)
New hire purchase in year		508,250	657,515
Capital repayments in year		(409,815)	(160,623)
Equity dividends paid		(407,446)	(713,000)
Net cash from financing activities		147,373	72,888
Increase/(decrease) in cash and cash equivalents		241,640	(424,757)
Cash and cash equivalents at beginning of year	2	387,899	812,656
Cash and cash equivalents at end of year	2	629,539	387,899

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2020

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

	2020	2019
	£	£
Profit before taxation	773,138	1,049,038
Depreciation charges	1,184,398	1,064,585
Profit on disposal of fixed assets	(155)	(5,478)
Government grants	(469,499)	(42,314)
Finance costs	131,980	100,968
Finance income	(1,171)	(28,201)
	<u>1,618,691</u>	<u>2,138,598</u>
Increase in stocks	(250,113)	(877,537)
Decrease/(increase) in trade and other debtors	223,091	(1,305,658)
(Decrease)/increase in trade and other creditors	(922,813)	1,022,315
	<u>668,856</u>	<u>977,718</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 December 2020

	31/12/20	1/1/20
	£	£
Cash and cash equivalents	<u>629,539</u>	<u>387,899</u>

Year ended 31 December 2019

	31/12/19	1/1/19
	£	£
Cash and cash equivalents	<u>387,899</u>	<u>812,656</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/1/20	Cash flow	At 31/12/20
	£	£	£
Net cash			
Cash at bank and in hand	<u>387,899</u>	<u>241,640</u>	<u>629,539</u>
	<u>387,899</u>	<u>241,640</u>	<u>629,539</u>
Debt			
Finance leases	(682,865)	(98,435)	(781,300)
Debts falling due within 1 year	(99,289)	(33,874)	(133,163)
Debts falling due after 1 year	(1,377,268)	(422,510)	(1,799,778)
	<u>(2,159,422)</u>	<u>(554,819)</u>	<u>(2,714,241)</u>
Total	<u>(1,771,523)</u>	<u>(313,179)</u>	<u>(2,084,702)</u>

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2020**

1. STATUTORY INFORMATION

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

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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.

There were no departures from this standard.

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

The financial statements have been prepared in Sterling (£).

Going concern

The directors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the group to continue as a going concern. The directors make this assessment in respect of a period of at least one year from the date the financial statements are approved.

At the date of approval, the country and indeed the rest of the world is in the midst of dealing with the Covid-19 pandemic. This has impacted unfavourably on the levels of work possible. The group has taken steps to deal with the financial impact of this, including the preparation of revised forecasts and utilizing the government support. Whilst there is uncertainty around the length of time the Covid-19 pandemic will last and the full impact on the global economy, the directors believe that it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements due to the levels of reserves and potential financial support available.

The financial statements are prepared on the going concern basis which assumes that the group will continue to trade. If the group is unable to continue to trade, adjustments would be required to reduce the value of assets to their recoverable amounts, to provide for any further liabilities that might arise and to analyse long term liabilities as current liabilities.

Basis of consolidation

The financial statements consolidate the financial statements of Teescraft Engineering Limited and its subsidiaries: Stockton Casting Company (The) Limited, L.H.(Quarry Plant) Limited and Westlands Casting Company Limited who became a 75% group company as of 1 June 2020. All of the entities' financial statements are made up to 31 December 2020 except for Westlands Casting Company Limited whose financial statements are made up to 30 September 2020, the consolidation has been done using interim financial statements to 31 December 2020. The dormant companies of the group have been excluded from the consolidation. Transactions between group companies have been eliminated on consolidation. No separate profit and loss account for Teescraft Engineering Limited is presented, as permitted by Section 406 of the Companies Act 2006.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**

2. ACCOUNTING POLICIES - continued

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes.

Income recognition

Income represents the sale of goods and is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on delivery of goods.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of businesses in 2012 and 2020 is being amortised evenly over its estimated useful life of five years.

Goodwill being the acquisition of a new branch in 2018 is being amortised evenly over its estimated useful life of ten years.

Goodwill on consolidation is being amortised evenly over its estimated useful life of five years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of three years.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and impairment. 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.

Freehold property	2% on cost, freehold land not depreciated
Improvements to property	2% on cost and Period of the lease
Plant and machinery	20 to 25% on reducing balance and 20% on cost
Fixtures and fittings	33% on cost, 33.33% on reducing balance and 20% on reducing balance
Motor vehicles	25% on reducing balance

Depreciation is charged against the use of fixed assets except freehold land and property as it is maintained to such a state of repair that its residual value is at least equal to the net book value.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less impairment.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and selling price less estimated costs to sell, after making due allowances for obsolete and slow moving items.

Financial instruments

Debtors

Short term debtors are measured at transaction price. Other financial assets including cash and bank are measured at fair value.

Creditors

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

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

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

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

Pension costs and other post-retirement benefits

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

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Estimates and key sources of estimation uncertainty

The following estimates have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

Stock provisions - management applies procedures to identify defective, slow moving and obsolete stock. An estimation is made of the price obtainable in the market in which the goods are expected to be sold and any costs of completion of sale are taken into account. The value of stock is reduced by the deficit between cost and estimated net realisable value of the stock in the form of a stock provision. Certain stock lines are held for a number of years due to the nature of the product. This adds to the level of judgement required when setting the provision. The provision for slow moving stock is £262,129.

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the useful economic life of that asset. An estimate of the useful economic life of assets is detailed in the depreciation accounting policy. Depreciation is charged against the use of fixed assets except freehold property as it is maintained to such a state of repair that its residual value is at least equal to the net book value. The depreciation charge for the year is £1,162,915.

Bad debt provision - Management reviews the ageing debtors ledgers regularly to identify any irrecoverable debts, they do this by taking into consideration the age of the balance, credit terms and knowledge of the customer.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Government grants

Revenue based grants have been credited to the profit and loss account in the period to which they relate. Capital based grants are accounted for using the accruals model and have been transferred to a deferred credit and released to the profit and loss account over the useful life of the asset, as disclosed above.

Investments

Investments held as fixed assets are stated at cost less any provision for permanent diminution in value.

Invoice discounting

The invoice discounting facility represents amounts received in respect of financed debts. There is full recourse to the group for losses on debts, and so the financed debts continue to be recognised on the balance sheet. Interest and other charges relating to invoice financing are recognised in the profit and loss account over the relevant period.

3. TURNOVER

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

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
United Kingdom	16,783,109	18,496,496
Europe	1,671,675	666,677
Rest of world	1,071,288	818,777
	<u>19,526,072</u>	<u>19,981,950</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**

4. OTHER OPERATING INCOME

	2020	2019
	£	£
Government grants receivable	469,499	42,314

Government grants consist of the government support received in respect of the Coronavirus Job Retention Scheme (CJRS) and government grants for machinery to enable business growth. The CJRS scheme enabled employees, whose employers were affected by the Covid-19 pandemic to receive support directly from their employer.

5. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	6,262,972	4,847,199
Social security costs	473,992	448,893
Other pension costs	109,821	98,636
	6,846,785	5,326,400

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

	2020	2019
Directors	3	3
Management	18	18
Administration	16	11
Operating staff	162	147
	199	179

	2020	2019
	£	£
Directors' remuneration	69,580	73,257
Directors' pension contributions to money purchase schemes	890	798

6. OPERATING PROFIT

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

	2020	2019
	£	£
Hire of plant and machinery	8,117	358
Other operating leases	284,096	224,238
Depreciation - owned assets	915,224	892,284
Depreciation - assets on hire purchase contracts	247,691	155,972
Profit on disposal of fixed assets	(155)	(5,478)
Goodwill amortisation	20,494	15,285
Computer software amortisation	989	1,044
Auditor's remuneration-Parent	8,750	8,750
Auditor's remuneration-Subsidiaries	20,385	15,635
Foreign exchange differences	4,098	5,262

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Bank loan interest	80,474	53,830
Invoice discounting interest	24,660	33,367
Hire purchase interest	26,846	13,771
	<u>131,980</u>	<u>100,968</u>

8. TAXATION

Analysis of the tax charge

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

	2020	2019
	£	£
Current tax:		
UK corporation tax	143,358	108,059
Prior year over provision	(74,956)	(170,102)
Total current tax	68,402	(62,043)
Deferred tax	46,287	86,524
Tax on profit	<u>114,689</u>	<u>24,481</u>

Reconciliation of total tax charge 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>773,138</u>	<u>1,049,038</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	146,896	199,317
Effects of:		
Expenses not deductible for tax purposes	6,468	15,096
Income not taxable for tax purposes	(23,791)	(31,806)
Adjustments to tax charge in respect of previous periods	901	-
Effect of consolidation adjustments	50,886	14,584
Deferred grants on qualifying assets	-	(597)
Prior year over provision	(74,956)	(170,102)
Non qualifying depreciation	8,285	5,609
Asset grant deducted from purchase price	-	8,586
R&D Enhanced deduction	-	(16,206)
tax charge		
Total tax charge	<u>114,689</u>	<u>24,481</u>

9. INDIVIDUAL PROFIT AND LOSS ACCOUNT

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these financial statements.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

10. DIVIDENDS

	2020 £	2019 £
Ordinary shares of £1 each		
Interim	407,446	713,000

11. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Computer software £	Totals £
COST			
At 1 January 2020	1,577	17,246	18,823
Additions	16,326	-	16,326
At 31 December 2020	<u>17,903</u>	<u>17,246</u>	<u>35,149</u>
AMORTISATION			
At 1 January 2020	324,212	16,257	340,469
Amortisation for year	20,494	989	21,483
At 31 December 2020	<u>344,706</u>	<u>17,246</u>	<u>361,952</u>
NET BOOK VALUE			
At 31 December 2020	<u>(326,803)</u>	<u>-</u>	<u>(326,803)</u>
At 31 December 2019	<u>(322,635)</u>	<u>989</u>	<u>(321,646)</u>

Company

	Goodwill £
COST	
At 1 January 2020	(586,707)
Additions	(214,581)
At 31 December 2020	<u>(801,288)</u>
AMORTISATION	
At 1 January 2020	(46,595)
Amortisation for year	(79,354)
At 31 December 2020	<u>(125,949)</u>
NET BOOK VALUE	
At 31 December 2020	<u>(675,339)</u>
At 31 December 2019	<u>(540,112)</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

12. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
At 1 January 2020	1,661,250	219,546	9,315,926
Additions	448,609	-	953,563
Disposals	-	-	(1,600)
At 31 December 2020	2,109,859	219,546	10,267,889
DEPRECIATION			
At 1 January 2020	310,207	56,857	6,097,089
Charge for year	26,815	10,978	1,108,922
Eliminated on disposal	-	-	(1,600)
At 31 December 2020	337,022	67,835	7,204,411
NET BOOK VALUE			
At 31 December 2020	1,772,837	151,711	3,063,478
At 31 December 2019	1,351,043	162,689	3,218,837
	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 January 2020	246,980	116,837	11,560,539
Additions	4,112	9,403	1,415,687
Disposals	-	(403)	(2,003)
At 31 December 2020	251,092	125,837	12,974,223
DEPRECIATION			
At 1 January 2020	214,231	87,773	6,766,157
Charge for year	7,024	9,176	1,162,915
Eliminated on disposal	-	(33)	(1,633)
At 31 December 2020	221,255	96,916	7,927,439
NET BOOK VALUE			
At 31 December 2020	29,837	28,921	5,046,784
At 31 December 2019	32,749	29,064	4,794,382

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

12. TANGIBLE FIXED ASSETS - continued

Group

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

	Plant and machinery £
COST	
At 1 January 2020	945,650
Additions	570,250
At 31 December 2020	<u>1,515,900</u>
DEPRECIATION	
At 1 January 2020	175,972
Charge for year	247,691
At 31 December 2020	<u>423,663</u>
NET BOOK VALUE	
At 31 December 2020	<u>1,092,237</u>
At 31 December 2019	<u>769,678</u>

Company

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
At 1 January 2020	589,334	219,546	7,502,983
Additions	280,000	-	781,693
Disposals	-	-	-
At 31 December 2020	<u>869,334</u>	<u>219,546</u>	<u>8,284,676</u>
DEPRECIATION			
At 1 January 2020	-	56,857	5,035,894
Charge for year	-	10,978	919,538
Eliminated on disposal	-	-	-
At 31 December 2020	<u>-</u>	<u>67,835</u>	<u>5,955,432</u>
NET BOOK VALUE			
At 31 December 2020	<u>869,334</u>	<u>151,711</u>	<u>2,329,244</u>
At 31 December 2019	<u>589,334</u>	<u>162,689</u>	<u>2,467,089</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

12. TANGIBLE FIXED ASSETS - continued

Company

	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 January 2020	117,267	49,800	8,478,930
Additions	-	9,403	1,071,096
Disposals	-	(403)	(403)
At 31 December 2020	<u>117,267</u>	<u>58,800</u>	<u>9,549,623</u>
DEPRECIATION			
At 1 January 2020	96,220	33,434	5,222,405
Charge for year	5,213	6,000	941,729
Eliminated on disposal	-	(33)	(33)
At 31 December 2020	<u>101,433</u>	<u>39,401</u>	<u>6,164,101</u>
NET BOOK VALUE			
At 31 December 2020	<u>15,834</u>	<u>19,399</u>	<u>3,385,522</u>
At 31 December 2019	<u>21,047</u>	<u>16,366</u>	<u>3,256,525</u>

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

	Plant and machinery £
COST	
At 1 January 2020	843,150
Additions	542,250
At 31 December 2020	<u>1,385,400</u>
DEPRECIATION	
At 1 January 2020	161,878
Charge for year	216,650
At 31 December 2020	<u>378,528</u>
NET BOOK VALUE	
At 31 December 2020	<u>1,006,872</u>
At 31 December 2019	<u>681,272</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

13. FIXED ASSET INVESTMENTS

Group

	Shares in associated companies £
COST	
At 1 January 2020 and 31 December 2020	<u>300,000</u>
PROVISIONS	
Reclassification	<u>300,000</u>
At 31 December 2020	<u>300,000</u>
NET BOOK VALUE	
At 31 December 2020	<u>-</u>
At 31 December 2019	<u>300,000</u>

Company

	Shares in group undertakings £	Shares in associated companies £	Totals £
COST			
At 1 January 2020	2,762,835	300,000	3,062,835
Additions	150,000	-	150,000
At 31 December 2020	<u>2,912,835</u>	<u>300,000</u>	<u>3,212,835</u>
PROVISIONS			
Reclassification	(300,000)	300,000	-
At 31 December 2020	<u>(300,000)</u>	<u>300,000</u>	<u>-</u>
NET BOOK VALUE			
At 31 December 2020	<u>3,212,835</u>	<u>-</u>	<u>3,212,835</u>
At 31 December 2019	<u>2,762,835</u>	<u>300,000</u>	<u>3,062,835</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Stockton Casting Company Limited

Registered office: Unit 2, South Church Enterprise Park, Bishop Auckland, County Durham, DL14 6XB.

Nature of business: Manufacture of high grade engineering castings

Class of shares:	%
Ordinary	holding 100.00

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

13. FIXED ASSET INVESTMENTS - continued

L.H. (Quarry Plant) Limited

Registered office: Unit 2 Longfield Road, South Church Enterprise Park, Bishop Auckland, County Durham, DL14 6XB

Nature of business: Manufacture of machinery for mining

	%
Class of shares:	holding
Ordinary	100.00

Westlands Casting Co Limited

Registered office: Vaux Rd, Finedon Road Industrial Estate, Wellingborough, Northants, NN8 4TG

Nature of business: Casting company

	%
Class of shares:	holding
Ordinary	75.00

14. STOCKS

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Stocks	2,915,196	2,762,842	1,883,053	1,627,802
Work-in-progress	272,590	174,831	-	-
	<u>3,187,786</u>	<u>2,937,673</u>	<u>1,883,053</u>	<u>1,627,802</u>

There were impairment losses recognised in cost of sales against stock during the year of £262,129 (2019: £307,336) relating to slow moving stock.

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	4,389,757	4,576,279	3,126,469	2,845,608
Amounts owed by group undertakings	-	-	261,903	276,919
Amounts owed by associates	1,679	16,571	16,571	16,571
Other debtors	135,694	47,211	120,730	109,849
Prepayments and accrued income	607,143	717,303	476,725	611,911
	<u>5,134,273</u>	<u>5,357,364</u>	<u>4,002,398</u>	<u>3,860,858</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans and overdrafts (see note 18)	133,163	99,289	109,838	76,490
Hire purchase contracts (see note 19)	478,732	291,668	433,774	246,333
Trade creditors	1,172,221	1,806,958	806,971	1,024,387
Amounts owed to group undertakings	-	-	886,982	886,709
Amounts owed to associates	-	125,950	-	125,950
Corporation tax	143,358	11,247	37,842	-
Social security and other taxes	694,831	423,024	442,628	190,558
Other creditors	12,481	45,787	-	-
Directors' current accounts	215,127	17,076	215,127	17,076
Accruals and deferred income	265,770	290,419	139,948	203,489
Invoice discounting	1,348,765	1,907,472	1,160,083	1,350,646
	<u>4,464,448</u>	<u>5,018,890</u>	<u>4,233,193</u>	<u>4,121,638</u>

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

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans (see note 18)	1,799,778	1,377,268	1,517,844	1,071,484
Hire purchase contracts (see note 19)	302,568	391,197	284,928	351,319
Accruals and deferred income	409,925	425,247	363,999	351,000
	<u>2,512,271</u>	<u>2,193,712</u>	<u>2,166,771</u>	<u>1,773,803</u>

18. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>133,163</u>	<u>99,289</u>	<u>109,838</u>	<u>76,490</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>135,089</u>	<u>102,184</u>	<u>111,764</u>	<u>79,386</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>1,138,665</u>	<u>1,060,495</u>	<u>1,068,690</u>	<u>992,098</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans - >5 years by instalments	<u>526,024</u>	<u>214,589</u>	<u>337,390</u>	-
	<u>526,024</u>	<u>214,589</u>	<u>337,390</u>	-

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**

18. LOANS - continued

The group has four bank loans.

The first bank loan of £1,178,000 is repayable over 5 years at a variable margin of 2.81% per annum. The loan is due to mature in July 2024

A second bank loan of £318,900 is repayable over 15 years at a margin of 3.50% per annum over base rate. The loan is due to mature in July 2034.

A third bank loan of £254,950 is repayable over 15 years at a margin of 3.40% per annum over base rate. The loan is due to mature in February 2035.

A fourth bank loan of £415,000 is repayable over 15 years at a margin of 3.3% per annum. The loan is due to mature in October 2030.

19. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2020	2019
	£	£
Net obligations repayable:		
Within one year	478,732	291,668
Between one and five years	302,568	391,197
	<u>781,300</u>	<u>682,865</u>

Company

	Hire purchase contracts	
	2020	2019
	£	£
Net obligations repayable:		
Within one year	433,774	246,333
Between one and five years	284,928	351,319
	<u>718,702</u>	<u>597,652</u>

Group

	Non-cancellable operating leases	
	2020	2019
	£	£
Within one year	100,798	155,908
Between one and five years	297,054	321,966
In more than five years	259,969	333,958
	<u>657,821</u>	<u>811,832</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

19. LEASING AGREEMENTS - continued

Company	Non-cancellable operating leases	
	2020	2019
	£	£
Within one year	88,240	136,091
Between one and five years	73,990	310,209
In more than five years	221,969	333,958
	<u>384,199</u>	<u>780,258</u>

20. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans	1,932,941	1,476,557	1,627,682	1,147,974
Hire purchase contracts	781,300	682,865	718,702	597,652
Invoice discounting	1,348,765	1,907,472	1,160,083	1,350,646
	<u>4,063,006</u>	<u>4,066,894</u>	<u>3,506,467</u>	<u>3,096,272</u>

Bank loans are secured by a fixed and floating charge over the group's assets.

Hire purchase liabilities are secured over the assets to which they relate.

Invoice discounting is secured by way of a fixed charge over all deposits with the bank and a cross guarantee across all group companies.

There is a cross guarantee and debenture between LH Quarry (Plant), Stockton Casting Company Limited and Teescraft Engineering Limited for the bank loan facilities.

There is a cross guarantee and debenture between RJY Investments (North East) and Teescraft Engineering Limited dated 30 November 2015 for the bank loan facilities.

There is a guarantee over the personal property of the director as security for the bank facilities.

21. PROVISIONS FOR LIABILITIES

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Deferred tax	<u>296,800</u>	<u>246,013</u>	<u>150,873</u>	<u>109,794</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

21. PROVISIONS FOR LIABILITIES - continued

Group

	Deferred tax £
Balance at 1 January 2020	246,013
Accelerated capital allowances	50,787
	<hr/>
Balance at 31 December 2020	296,800
	<hr/> <hr/>

Company

	Deferred tax £
Balance at 1 January 2020	109,794
Accelerated capital allowances	41,079
	<hr/>
Balance at 31 December 2020	150,873
	<hr/> <hr/>

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2020	2019
Number:	Class:		£	£
10,000	Ordinary	£1	10,000	10,000
100	A Ordinary	£1	100	100
			<hr/>	<hr/>
			10,100	10,100
			<hr/> <hr/>	<hr/> <hr/>

Called up share capital represents the nominal value of shares that have been issued.

Ordinary shares have full voting, dividends and capital distribution rights (upon winding up).

Ordinary A shares have the right to receive dividends and right to the repayment of £1 per A share upon winding up of the company but carry no voting rights.

23. RESERVES

Group

	Retained earnings £
At 1 January 2020	5,986,957
Profit for the year	670,596
Dividends	(407,446)
	<hr/>
At 31 December 2020	6,250,107
	<hr/> <hr/>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**

23. RESERVES - continued

Company

	Retained earnings £
At 1 January 2020	5,398,244
Profit for the year	418,837
Dividends	(400,000)
	5,417,081
	5,417,081

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

24. NON-CONTROLLING INTERESTS

	2020 £
Fair value of non-controlling interest at acquisition	150,000
Goodwill on consolidation attributable to NCI	(6,193)
Post acquisition profit / (loss)	(6,500)
	137,307
	137,307

25. CAPITAL COMMITMENTS

	2020 £	2019 £
Contracted but not provided for in the financial statements	157,485	556,515
	157,485	556,515

26. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements

Entities with control, joint control or significant influence over the entity

	2020 £	2019 £
Dividends	400,000	713,000
Amount due to related party	215,127	17,076
	215,127	17,076

No interest was charged on the amounts due to related parties.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

26. RELATED PARTY DISCLOSURES - continued

Other related parties

	2020	2019
	£	£
Purchases	356,401	648,579
Dividends paid to minority shareholder	7,446	26,493
Rent payable	135,000	117,000
Amount due from related party	16,571	16,571
Amount due to related party	154,773	125,950

During the year, a total of key management personnel compensation of £136,715 (2019: £117,441) was paid.

27. POST BALANCE SHEET EVENTS

In January 2021 Teescraft Engineering Limited acquired a further 25% of the share capital of Westlands Casting Company Limited to take their shareholding to 100%.

28. ULTIMATE CONTROLLING PARTY

The controlling party is R J Yorke.

29. BUSINESS COMBINATIONS

On 1 June 2020, Teescraft Engineering Limited acquired control of Westland Casting Company Limited by way of a share purchase resulting in a controlling interest of 75% of the voting shares. The provisional fair values of the identifiable assets and liabilities at the date of acquisition were:

	Book value at acquisition	Fair value adjustments	Fair value recognised at acquisition
	£	£	£
Assets			
Tangible assets	117,375		117,375
Stock	101,758		101,758
Trade and other debtors	334,705		334,705
Cash	4,419		4,419
	558,257		558,257
Liabilities			
Due within 1 year	(181,864)		(181,864)
Due more than 1 year	-		-
Deferred tax	(7,300)		(7,300)
Non controlling interest		(150,000)	(150,000)
	(189,164)		(339,164)
Fair value of identifiable net assets	369,093	150,000	219,093
Goodwill			230,907
Consideration			
Cash			450,000