

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021
FOR
CURROCK ENGINEERING COMPANY LIMITED

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FOR THE YEAR ENDED 31 OCTOBER 2021

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CURROCK ENGINEERING COMPANY LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 OCTOBER 2021

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 2021

The directors present their strategic report for the year ended 31 October 2021.

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>2021</u>	<u>2020</u>	<u>Change</u>
Turnover	8,771,322	9,476,760	-7.44%
Operating profit	225,121	340,253	-33.84%
Profit after tax	822,182	853,364	-3.65%
Equity shareholders' funds	7,622,491	6,936,709	+9.89%
Stock and work in progress	5,798,669	5,534,933	+4.76%
Gross profit percentage	21.50%	19.16%	+2.34%
Current ratio	222%	213%	+9%
Average number of employees	91	92	-1

During 2021 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 benefits of which can be seen in the increase in gross profit margin.

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.

Profit after tax for the year was £822,182, which included a research and development tax credit of £608,844. As a result, there has been an increase in shareholders' funds of 9.89%. The Directors consider this to be a strong performance in the current climate.

The Directors aim to further improve the position of the company within the marketplace during 2022 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. To meet this increased demand the company is intending to invest heavily in plant and machinery to allow for the company's continued expansion.

ON BEHALF OF THE BOARD:

A Murray - Director

12 May 2022

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 OCTOBER 2021

The directors present their report with the financial statements of the company for the year ended 31 October 2021.

DIVIDENDS

The total distribution of dividends for the year ended 31 October 2021 will be £ 136,400 .

DIRECTORS

The directors shown below have held office during the whole of the period from 1 November 2020 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

12 May 2022

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 2021 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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 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 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.

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.

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

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

Our approach to assessing the risks of material misstatement due to fraud and noncompliance with laws and regulations was as follows:-

We obtained an understanding of the legal and regulatory frameworks that are applicable to the entity and determined that the most significant are those that relate to compliance with the Companies Act 2006, Financial Reporting Standard 102, relevant tax legislation and the British Standards Institute (BSI).

We assessed the risks of material misstatements in respect of fraud and determined that the principal risks were related to posting of journal entries to manipulate the results for the financial year. We made enquiries of management during the audit to determine any instances of fraud, while also discussing the areas of risk in relation to audit as part of our audit team meeting.

Based upon the results of our risk assessment we designed our audit procedures to identify noncompliance with such laws and regulations identified above and also material misstatements in respect of fraud as follows:-

- We obtained an understanding of the legal and regulatory framework in relation to the entity and how it complies with this framework. This included discussions with management, reviews of legal and professional fees and a review of the results of audits conducted by BSI.
We discussed with the management the entity's policies and procedures including systems and controls.
- Compliance with these was tested via discussion and walkthrough testing of controls.
We enquired of management of their policies and procedures in relation to fraud and their knowledge of any actual, suspected, or alleged fraud.
- We ensured compliance with Pay as You Earn and Value Added Tax laws via reviewing returns and correspondence.
- We reviewed the recent results of audits with BSI to ensure ongoing compliance.
We considered the risk of fraud through management override, and, in response, we incorporated testing of manual journal entries into our audit approach. This included the testing of journal entries throughout the year as well as year end journals.
- We agreed the financial statement disclosures to underlying supporting documentation.
- We enquired of management if there were any potential litigation or claims.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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
CURROCK ENGINEERING COMPANY LIMITED**

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

12 May 2022

CURROCK ENGINEERING COMPANY LIMITED (REGISTERED NUMBER: 00828340)**INCOME STATEMENT**
FOR THE YEAR ENDED 31 OCTOBER 2021

	Notes	2021 £	£	2020 £	£
TURNOVER			8,771,322		9,476,760
Cost of sales			<u>6,885,115</u>		<u>7,660,589</u>
GROSS PROFIT			1,886,207		1,816,171
Distribution costs		70,761		73,733	
Administrative expenses		<u>1,590,325</u>		<u>1,429,932</u>	
			<u>1,661,086</u>		<u>1,503,665</u>
			225,121		312,506
Other operating income			<u>49,229</u>		<u>27,747</u>
OPERATING PROFIT	4		274,350		340,253
Interest receivable and similar income			<u>5</u>		<u>55</u>
			274,355		340,308
Interest payable and similar expenses	5		<u>80,117</u>		<u>120,373</u>
PROFIT BEFORE TAXATION			194,238		219,935
Tax on profit	6		<u>(627,944)</u>		<u>(633,429)</u>
PROFIT FOR THE FINANCIAL YEAR			<u>822,182</u>		<u>853,364</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 2021

	Notes	2021 £	2020 £
PROFIT FOR THE YEAR		822,182	853,364
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>822,182</u>	<u>853,364</u>
FOR THE YEAR			

The notes form part of these financial statements

CURROCK ENGINEERING COMPANY LIMITED (REGISTERED NUMBER: 00828340)**BALANCE SHEET**
31 OCTOBER 2021

	Notes	2021 £	£	2020 £	£
FIXED ASSETS					
Intangible assets	8		792,588		-
Tangible assets	9		<u>3,974,492</u>		<u>4,418,577</u>
			4,767,080		4,418,577
CURRENT ASSETS					
Stocks	10	5,798,669		5,534,933	
Debtors	11	3,468,035		3,115,197	
Cash at bank		<u>142,969</u>		<u>116,940</u>	
		9,409,673		8,767,070	
CREDITORS					
Amounts falling due within one year	12	<u>4,243,357</u>		<u>4,122,167</u>	
NET CURRENT ASSETS			<u>5,166,316</u>		<u>4,644,903</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			9,933,396		9,063,480
CREDITORS					
Amounts falling due after more than one year	13		(1,876,114)		(1,672,880)
PROVISIONS FOR LIABILITIES	17		<u>(434,791)</u>		<u>(453,891)</u>
NET ASSETS			<u>7,622,491</u>		<u>6,936,709</u>
CAPITAL AND RESERVES					
Called up share capital	18		300,200		300,200
Retained earnings	19		<u>7,322,291</u>		<u>6,636,509</u>
SHAREHOLDERS' FUNDS			<u>7,622,491</u>		<u>6,936,709</u>

The financial statements were approved by the Board of Directors and authorised for issue on 12 May 2022 and were signed on its behalf by:

A Murray - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2021

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 November 2019	300,200	5,899,545	6,199,745
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>
Changes in equity			
Dividends	-	(136,400)	(136,400)
Total comprehensive income	-	822,182	822,182
Balance at 31 October 2021	<u>300,200</u>	<u>7,322,291</u>	<u>7,622,491</u>

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2021**

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	595,530	6,817
Interest paid		(14,180)	(10,902)
Interest element of hire purchase payments paid		(65,937)	(109,471)
Taxation refund		651,020	810,793
Net cash from operating activities		<u>1,166,433</u>	<u>697,237</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(1,278,349)	-
Purchase of tangible fixed assets		(25,331)	(49,336)
Interest received		5	55
Net cash from investing activities		<u>(1,303,675)</u>	<u>(49,281)</u>
Cash flows from financing activities			
New loans in year		250,000	250,000
Loan repayments in year		(42,247)	(16,558)
Invoice discounting advance		102,301	(110,152)
Trade finance facility		16,663	(47,119)
Capital repayments in year		(8,859)	(643,959)
Amount introduced by directors		95,000	75,000
Amount withdrawn by directors		(113,187)	(80,796)
Equity dividends paid		(136,400)	(116,400)
Net cash from financing activities		<u>163,271</u>	<u>(689,984)</u>
Increase/(decrease) in cash and cash equivalents		<u>26,029</u>	<u>(42,028)</u>
Cash and cash equivalents at beginning of year	2	116,940	158,968
Cash and cash equivalents at end of year	2	<u>142,969</u>	<u>116,940</u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2021**

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

	2021	2020
	£	£
Profit before taxation	194,238	219,935
Depreciation charges	982,057	568,280
Finance costs	80,117	120,373
Finance income	(5)	(55)
	<u>1,256,407</u>	<u>908,533</u>
Increase in stocks	(263,736)	(490,468)
Increase in trade and other debtors	(376,827)	(17,132)
Decrease in trade and other creditors	(20,314)	(394,116)
Cash generated from operations	<u><u>595,530</u></u>	<u><u>6,817</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 2021

	31.10.21	1.11.20
	£	£
Cash and cash equivalents	<u>142,969</u>	<u>116,940</u>

Year ended 31 October 2020

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

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.11.20	Cash flow	Other non-cash changes	At 31.10.21
	£	£	£	£
Net cash				
Cash at bank	<u>116,940</u>	<u>26,029</u>		<u>142,969</u>
	<u>116,940</u>	<u>26,029</u>		<u>142,969</u>
Debt				
Finance leases	(2,010,707)	8,859	-	(2,028,728)
Debts falling due within 1 year	(1,686,239)	(186,727)	-	(1,872,966)
Debts falling due after 1 year	<u>(190,947)</u>	<u>(139,990)</u>	-	<u>(330,937)</u>
	<u>(3,887,893)</u>	<u>(317,858)</u>	-	<u>(4,232,631)</u>
Total	<u><u>(3,770,953)</u></u>	<u><u>(291,829)</u></u>	<u><u>-</u></u>	<u><u>(4,089,662)</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021

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.

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 nil years.

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 2021

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

	2021	2020
	£	£
Wages and salaries	2,573,182	4,060,820
Social security costs	20,991	20,636
Other pension costs	137,884	169,580
	<u>2,732,057</u>	<u>4,251,036</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2021

3. EMPLOYEES AND DIRECTORS - continued

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

	2021	2020
Cost of Sales	87	88
Administration and Management	<u>4</u>	<u>4</u>
	<u>91</u>	<u>92</u>

	2021	2020
	£	£
Directors' remuneration	100,642	166,987
Directors' pension contributions to money purchase schemes	<u>38,009</u>	<u>38,007</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:

	2021	2020
	£	£
Depreciation - owned assets	258,995	245,965
Depreciation - assets on hire purchase contracts	237,301	322,566
Computer software amortisation	485,761	-
Auditors Remuneration	<u>12,000</u>	<u>12,000</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Bank Interest	2,271	3,650
Loan Interest	8,973	5,053
Other Interest	2,936	2,199
Hire Purchase Interest	<u>65,937</u>	<u>109,471</u>
	<u>80,117</u>	<u>120,373</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2021

6. TAXATION

Analysis of the tax credit

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

	2021 £	2020 £
Current tax:		
UK corporation tax	(608,844)	(614,579)
Over Provision in Prior Years	-	389
Total current tax	<u>(608,844)</u>	<u>(614,190)</u>
Deferred Taxation	<u>(19,100)</u>	<u>(19,239)</u>
Tax on profit	<u>(627,944)</u>	<u>(633,429)</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:

	2021 £	2020 £
Profit before tax	<u>194,238</u>	<u>219,935</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	36,905	41,788
Effects of:		
Expenses not deductible for tax purposes	18,794	13,577
Adjustments to tax charge in respect of previous periods	-	389
Research and development enhanced expenditure claim	<u>(683,643)</u>	<u>(689,183)</u>
Total tax credit	<u>(627,944)</u>	<u>(633,429)</u>

7. DIVIDENDS

	2021 £	2020 £
Ordinary A shares of £1 each		
Interim	<u>136,400</u>	<u>116,400</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2021

8. **INTANGIBLE FIXED ASSETS**

	Computer software £
COST	
Additions	1,278,349
At 31 October 2021	<u>1,278,349</u>
AMORTISATION	
Amortisation for year	485,761
At 31 October 2021	<u>485,761</u>
NET BOOK VALUE	
At 31 October 2021	<u><u>792,588</u></u>

9. **TANGIBLE FIXED ASSETS**

	Short Leasehold £	Plant and Machinery £	Fixtures and Fittings £
COST			
At 1 November 2020	80,339	8,015,956	248,728
Additions	-	31,437	417
At 31 October 2021	<u>80,339</u>	<u>8,047,393</u>	<u>249,145</u>
DEPRECIATION			
At 1 November 2020	80,339	3,779,456	199,758
Charge for year	-	430,195	12,251
At 31 October 2021	<u>80,339</u>	<u>4,209,651</u>	<u>212,009</u>
NET BOOK VALUE			
At 31 October 2021	<u>-</u>	<u>3,837,742</u>	<u>37,136</u>
At 31 October 2020	<u>-</u>	<u>4,236,500</u>	<u>48,970</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2021

9. **TANGIBLE FIXED ASSETS - continued**

	Motor Vehicles £	Office Equipment £	Totals £
COST			
At 1 November 2020	153,350	778,523	9,276,896
Additions	-	20,357	52,211
At 31 October 2021	<u>153,350</u>	<u>798,880</u>	<u>9,329,107</u>
DEPRECIATION			
At 1 November 2020	63,711	735,055	4,858,319
Charge for year	22,410	31,440	496,296
At 31 October 2021	<u>86,121</u>	<u>766,495</u>	<u>5,354,615</u>
NET BOOK VALUE			
At 31 October 2021	<u>67,229</u>	<u>32,385</u>	<u>3,974,492</u>
At 31 October 2020	<u>89,639</u>	<u>43,468</u>	<u>4,418,577</u>

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

	Plant and Machinery £	Motor Vehicles £	Totals £
COST			
At 1 November 2020	3,498,832	122,480	3,621,312
Additions	26,880	-	26,880
Transfer to ownership	(16,250)	-	(16,250)
At 31 October 2021	<u>3,509,462</u>	<u>122,480</u>	<u>3,631,942</u>
DEPRECIATION			
At 1 November 2020	1,346,005	43,369	1,389,374
Charge for year	217,523	19,778	237,301
Transfer to ownership	(4,996)	-	(4,996)
At 31 October 2021	<u>1,558,532</u>	<u>63,147</u>	<u>1,621,679</u>
NET BOOK VALUE			
At 31 October 2021	<u>1,950,930</u>	<u>59,333</u>	<u>2,010,263</u>
At 31 October 2020	<u>2,152,827</u>	<u>79,111</u>	<u>2,231,938</u>

10. **STOCKS**

	2021 £	2020 £
Stocks	3,907,551	3,420,180
Work in Progress	<u>1,891,118</u>	<u>2,114,753</u>
	<u>5,798,669</u>	<u>5,534,933</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2021****11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021	2020
	£	£
Trade Debtors	2,684,530	2,309,709
Directors Current Accounts	98,722	80,535
Tax	608,844	651,020
Prepayments and Accrued Income	75,939	73,933
	<u>3,468,035</u>	<u>3,115,197</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Other loans (see note 14)	1,872,966	1,686,239
Hire purchase contracts (see note 15)	483,551	528,774
Trade Creditors	1,021,441	769,488
Social Security and Other		
Taxes	612,757	968,271
Other Creditors	128,522	145,275
Accruals and Deferred Income	124,120	24,120
	<u>4,243,357</u>	<u>4,122,167</u>

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

	2021	2020
	£	£
Other loans (see note 14)	330,937	190,947
Hire purchase contracts (see note 15)	1,545,177	1,481,933
	<u>1,876,114</u>	<u>1,672,880</u>

14. LOANS

An analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due within one year or on demand:		
Other Loans	110,007	42,244
Invoice Discounting Advance	1,242,271	1,139,970
Trade Finance Facility	520,688	504,025
	<u>1,872,966</u>	<u>1,686,239</u>
Amounts falling due between one and two years:		
Other Loans - 1-2 years	<u>116,450</u>	<u>51,756</u>
Amounts falling due between two and five years:		
Other Loans	<u>214,487</u>	<u>139,191</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2021****15. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2021	2020
	£	£
Gross obligations repayable:		
Within one year	560,032	606,991
Between one and five years	<u>1,680,285</u>	<u>1,567,315</u>
	<u>2,240,317</u>	<u>2,174,306</u>
Finance charges repayable:		
Within one year	76,481	78,217
Between one and five years	<u>135,108</u>	<u>85,382</u>
	<u>211,589</u>	<u>163,599</u>
Net obligations repayable:		
Within one year	483,551	528,774
Between one and five years	<u>1,545,177</u>	<u>1,481,933</u>
	<u>2,028,728</u>	<u>2,010,707</u>
		Non-cancellable operating leases
	2021	2020
	£	£
Within one year	247,733	224,483
Between one and five years	<u>70,397</u>	<u>259,000</u>
	<u>318,130</u>	<u>483,483</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	2021	2020
	£	£
Hire purchase contracts	2,028,728	2,010,707
Invoice discounting advance	<u>1,242,271</u>	<u>1,139,970</u>
	<u>3,270,999</u>	<u>3,150,677</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

	2021	2020
	£	£
Deferred Taxation	<u>434,791</u>	<u>453,891</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2021

17. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 November 2020	453,891
Credit to Income Statement during year	<u>(19,100)</u>
Balance at 31 October 2021	<u>434,791</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021 £	2020 £
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>

19. RESERVES

	Retained earnings £
At 1 November 2020	6,636,509
Profit for the year	822,182
Dividends	<u>(136,400)</u>
At 31 October 2021	<u>7,322,291</u>

20. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 October 2021 and 31 October 2020:

	2021 £	2020 £
A Murray		
Balance outstanding at start of year	80,535	74,739
Amounts advanced	122,187	80,796
Amounts repaid	(104,000)	(75,000)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>98,722</u>	<u>80,535</u>

21. RELATED PARTY DISCLOSURES

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

	2021 £	2020 £
Purchases	19,580	18,128
Amount due to related party	<u>4,455</u>	<u>3,014</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2021

21. RELATED PARTY DISCLOSURES - continued

During the year, a total of key management personnel compensation of £ 323,079 (2020 - £ 319,861) was paid.

22. ULTIMATE CONTROLLING PARTY

The controlling party is A Murray.

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