

**W.R.R.PEDLEY & CO LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**



# W.R.R.PEDLEY & CO LIMITED

## COMPANY INFORMATION

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**Directors**

Mr C M Carver  
Mr D C Foster  
Mrs D S Carver  
Mr W G Devison  
Mr M D Jackson  
Mr B A Rollason  
Mrs C M Stokes  
Mr D C Foster

**Secretary**

Mr C M Carver

**Company number**

00362615

**Registered office**

Ann Street  
Willenhall  
West Midlands  
WV13 1EW

**Auditor**

Baldwins Audit Services  
St David's Court  
Union Street  
Wolverhampton  
West Midlands  
WV1 3JE

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# W.R.R.PEDLEY & CO LIMITED

## CONTENTS

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|                                       | <b>Page</b> |
|---------------------------------------|-------------|
| Strategic report                      | 1           |
| Directors' report                     | 2           |
| Directors' responsibilities statement | 3           |
| Independent auditor's report          | 4 - 6       |
| Statement of comprehensive income     | 7           |
| Balance sheet                         | 8           |
| Statement of changes in equity        | 9           |
| Statement of cash flows               | 10          |
| Notes to the financial statements     | 11 - 24     |

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# W.R.R.PEDLEY & CO LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MARCH 2019**

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The directors present the strategic report for the year ended 31 March 2019.

### **Fair review of the business**

The directors were pleased with the results declared for 2019. The outlook for 2020 is encouraging with further increases to profitability expected based on current market and economic conditions.

### **Principal risks and uncertainties**

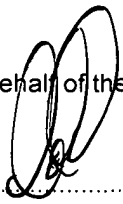
The directors were pleased with the results declared for 2019. The outlook for 2020 is encouraging and increases in both turnover and profit are expected based on current market and economic conditions.

### **Key performance indicators**

The directors consider that the key financial performance indicators are turnover, gross profit margin and net profit.

The turnover for the company has decreased from £6,416,828 in 2018 to £5,946,340 in 2019, which is a decrease of 7.3%. Gross profit for the year is £2,124,677 giving a margin of 35.73% (2018 - £1,999,182 giving a margin of 31.16%). Profit before tax has increased from £220,789 to £266,267.

On behalf of the board



.....  
Mr C M Carver

Director

.....  
19/12/19

# W.R.R.PEDLEY & CO LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 MARCH 2019**

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The directors present their annual report and financial statements for the year ended 31 March 2019.

### Principal activities

The principal activity of the company continued to be that of specialists in engineered components and assemblies.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr C M Carver  
Mr D C Foster  
Mrs D S Carver  
Mr W G Devison  
Mr M D Jackson  
Mr B A Rollason  
Mrs C M Stokes  
Mr D C Foster

### Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £107,700. The directors do not recommend payment of a final dividend.

### Auditor

In accordance with the company's articles, a resolution proposing that Baldwins Audit Services be reappointed as auditor of the company will be put at a General Meeting.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

  
.....  
Mr C M Carver  
Director

Date: 19/12/19 .....

# **W.R.R.PEDLEY & CO LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MARCH 2019***

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

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

# W.R.R.PEDLEY & CO LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF W.R.R.PEDLEY & CO LIMITED

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#### Opinion

We have audited the financial statements of W.R.R.Pedley & Co Limited (the 'company') for the year ended 31 March 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

#### Other information

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

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

We have nothing to report in this regard.

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

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# **W.R.R.PEDLEY & CO LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF W.R.R.PEDLEY & CO LIMITED**

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#### **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 and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



# **W.R.R.PEDLEY & CO LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF W.R.R.PEDLEY & CO LIMITED**

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

*Baldwins*

**E. Elwyn Turner FCA (Senior Statutory Auditor)**  
**for and on behalf of Baldwins Audit Services**

**Statutory Auditor**

*19/12/19*  
.....

St David's Court  
Union Street  
Wolverhampton  
West Midlands  
WV1 3JE

# W.R.R.PEDLEY & CO LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

|                                       | Notes | 2019<br>£        | 2018<br>£        |
|---------------------------------------|-------|------------------|------------------|
| Turnover                              | 3     | 5,946,340        | 6,416,828        |
| Cost of sales                         |       | (3,821,663)      | (4,417,646)      |
| <b>Gross profit</b>                   |       | <b>2,124,677</b> | <b>1,999,182</b> |
| Distribution costs                    |       | (250,384)        | (234,042)        |
| Administrative expenses               |       | (1,568,606)      | (1,500,528)      |
| Other operating income                |       | 9,882            | 7,845            |
| <b>Operating profit</b>               | 4     | <b>315,569</b>   | <b>272,457</b>   |
| Interest payable and similar expenses | 7     | (49,302)         | (51,668)         |
| <b>Profit before taxation</b>         |       | <b>266,267</b>   | <b>220,789</b>   |
| Tax on profit                         | 8     | (22,915)         | (20,889)         |
| <b>Profit for the financial year</b>  |       | <b>243,352</b>   | <b>199,900</b>   |

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# W.R.R.PEDLEY & CO LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2019

|  | Notes | 2019               |                  | 2018               |                  |
|--|-------|--------------------|------------------|--------------------|------------------|
|  |       | £                  | £                | £                  | £                |
| <b>Fixed assets</b>  |       |                    |                  |                    |                  |
| Tangible assets  | 10    |                    | 1,777,921        |                    | 1,753,364        |
| <b>Current assets</b>  |       |                    |                  |                    |                  |
| Stocks   | 12    | 873,550            |                  | 822,426            |                  |
| Debtors  | 13    | 2,926,368          |                  | 3,230,877          |                  |
| Cash at bank and in hand                                       |       | 10,803             |                  | 26,412             |                  |
|  |       | <u>3,810,721</u>   |                  | <u>4,079,715</u>   |                  |
| <b>Creditors: amounts falling due within one year</b>          | 14    | <u>(2,012,001)</u> |                  | <u>(2,292,436)</u> |                  |
| <b>Net current assets</b>                                      |       |                    | 1,798,720        |                    | 1,787,279        |
| <b>Total assets less current liabilities</b>                   |       |                    | 3,576,641        |                    | 3,540,643        |
| <b>Creditors: amounts falling due after more than one year</b> | 15    |                    | (88,137)         |                    | (194,207)        |
| <b>Provisions for liabilities</b>                              | 18    |                    | (228,257)        |                    | (221,841)        |
| <b>Net assets</b>  |       |                    | <u>3,260,247</u> |                    | <u>3,124,595</u> |
| <b>Capital and reserves</b>                                    |       |                    |                  |                    |                  |
| Called up share capital  | 21    |                    | 100,000          |                    | 100,000          |
| Capital redemption reserve                                     | 22    |                    | 21,950           |                    | 21,950           |
| Profit and loss reserves                                       |       |                    | 3,138,297        |                    | 3,002,645        |
| <b>Total equity</b>  |       |                    | <u>3,260,247</u> |                    | <u>3,124,595</u> |

The financial statements were approved by the board of directors and authorised for issue on 19/12/19 and are signed on its behalf by:

Mr C M Carver  
Director

Company Registration No. 00362615

# W.R.R.PEDLEY & CO LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

|  | Notes | Share<br>capital<br>£ | Capital<br>redemption<br>reserve<br>£ | Profit and<br>loss<br>reserves<br>£ | Total<br>£ |
|--|-------|-----------------------|---------------------------------------|-------------------------------------|------------|
| <b>Balance at 1 April 2017</b>                     |       | 100,000               | 21,950                                | 2,898,725                           | 3,020,675  |
| <b>Year ended 31 March 2018:</b>                   |       |                       |                                       |                                     |            |
| Profit and total comprehensive income for the year |       | -                     | -                                     | 199,900                             | 199,900    |
| Dividends  | 9     | -                     | -                                     | (95,980)                            | (95,980)   |
| <b>Balance at 31 March 2018</b>                    |       | 100,000               | 21,950                                | 3,002,645                           | 3,124,595  |
| <b>Year ended 31 March 2019:</b>                   |       |                       |                                       |                                     |            |
| Profit and total comprehensive income for the year |       | -                     | -                                     | 243,352                             | 243,352    |
| Dividends  | 9     | -                     | -                                     | (107,700)                           | (107,700)  |
| <b>Balance at 31 March 2019</b>                    |       | 100,000               | 21,950                                | 3,138,297                           | 3,260,247  |

# W.R.R.PEDLEY & CO LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

|   | Notes | 2019<br>£        | £ | 2018<br>£        | £ |
|---|-------|------------------|---|------------------|---|
| <b>Cash flows from operating activities</b>                   |       |                  |   |                  |   |
| Cash generated from operations                                | 26    | 566,449          |   | 778,457          |   |
| Interest paid   |       | (49,302)         |   | (51,668)         |   |
| Income taxes refunded/(paid)                                  |       | 35,076           |   | -                |   |
| <b>Net cash inflow from operating activities</b>              |       | <b>552,223</b>   |   | <b>726,789</b>   |   |
| <b>Investing activities</b>                                   |       |                  |   |                  |   |
| Purchase of tangible fixed assets                             |       | (275,073)        |   | (239,879)        |   |
| Proceeds on disposal of tangible fixed assets                 |       | 2,000            |   | 8,000            |   |
| Proceeds from other investments and loans                     |       | (3,000)          |   | -                |   |
| <b>Net cash used in investing activities</b>                  |       | <b>(276,073)</b> |   | <b>(231,879)</b> |   |
| <b>Financing activities</b>                                   |       |                  |   |                  |   |
| Payment of finance leases obligations                         |       | (120,405)        |   | (74,002)         |   |
| Dividends paid  |       | (107,700)        |   | (95,980)         |   |
| <b>Net cash used in financing activities</b>                  |       | <b>(228,105)</b> |   | <b>(169,982)</b> |   |
| <b>Net increase in cash and cash equivalents</b>              |       | <b>48,045</b>    |   | <b>324,928</b>   |   |
| Cash and cash equivalents at beginning of year                |       | (780,251)        |   | (1,105,179)      |   |
| <b>Cash and cash equivalents at end of year</b>               |       | <b>(732,206)</b> |   | <b>(780,251)</b> |   |
| <b>Relating to:</b>   |       |                  |   |                  |   |
| Cash at bank and in hand                                      |       | 10,803           |   | 26,412           |   |
| Bank overdrafts included in creditors payable within one year |       | (743,009)        |   | (806,663)        |   |

# W.R.R.PEDLEY & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2019

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#### 1 Accounting policies

##### Company information

W.R.R.Pedley & Co Limited is a private company limited by shares incorporated in England and Wales. The registered office is Ann Street, Willenhall, West Midlands, WV13 1EW.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

##### 1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

##### 1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                       |  |
|-----------------------|--|
| Freehold property     | 2% per annum on cost   |
| Plant and equipment   | 10%, 20% and 33% per annum on cost dependant on classification of item |
| Fixtures and fittings | 10% per annum on cost  |
| Motor vehicles        | 20% per annum on cost  |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

# W.R.R.PEDLEY & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 1 Accounting policies

(Continued)

#### 1.4 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.5 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.6 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# W.R.R.PEDLEY & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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### 1 Accounting policies

(Continued)

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.



# W.R.R.PEDLEY & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

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#### 1 Accounting policies

(Continued)

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.9 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

# W.R.R.PEDLEY & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

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#### 1 Accounting policies

(Continued)

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.11 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.12 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.13 Leases**

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

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

# W.R.R.PEDLEY & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

#### 1 Accounting policies

(Continued)

##### 1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

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

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

|   | 2019<br>£         | 2018<br>£         |
|---|-------------------|-------------------|
| <b>Other significant revenue</b>                |                   |                   |
| Grants received                                 | 9,882             | 7,845             |
|   | <u>          </u> | <u>          </u> |
|   | 2019<br>£         | 2018<br>£         |
| <b>Turnover analysed by geographical market</b> |                   |                   |
| United Kingdom                                  | 4,723,142         | 5,216,746         |
| Rest of Europe                                  | 617,470           | 1,035,108         |
| Rest of World                                   | 605,728           | 164,974           |
|   | <u>          </u> | <u>          </u> |
|   | 5,946,340         | 6,416,828         |
|   | <u>          </u> | <u>          </u> |

#### 4 Operating profit

|   | 2019<br>£         | 2018<br>£         |
|---|-------------------|-------------------|
| Operating profit for the year is stated after charging/(crediting): |                   |                   |
| Government grants   | (9,882)           | (7,845)           |
| Depreciation of owned tangible fixed assets                         | 250,517           | 240,821           |
| Depreciation of tangible fixed assets held under finance leases     | 66,172            | -                 |
| (Profit)/loss on disposal of tangible fixed assets                  | (2,000)           | 198               |
| Cost of stocks recognised as an expense                             | 2,145,181         | 2,562,224         |
|   | <u>          </u> | <u>          </u> |

# W.R.R.PEDLEY & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

|                | 2019<br>Number | 2018<br>Number |
|----------------|----------------|----------------|
| Management     | 2              | 2              |
| Administrative | 9              | 9              |
| Production     | 88             | 96             |
|                | <u>99</u>      | <u>107</u>     |

Their aggregate remuneration comprised:

|                    | 2019<br>£        | 2018<br>£        |
|--------------------|------------------|------------------|
| Wages and salaries | 2,014,059        | 2,064,116        |
| Pension costs      | 3,203            | 3,909            |
|                    | <u>2,017,262</u> | <u>2,068,025</u> |

### 6 Directors' remuneration

|                                      | 2019<br>£      | 2018<br>£      |
|--------------------------------------|----------------|----------------|
| Remuneration for qualifying services | <u>196,147</u> | <u>194,294</u> |

### 7 Interest payable and similar expenses

|  | 2019<br>£     | 2018<br>£     |
|--|---------------|---------------|
| <b>Interest on financial liabilities measured at amortised cost:</b> |               |               |
| Interest on bank overdrafts and loans                                | 5,917         | 8,762         |
| Interest on finance leases and hire purchase contracts               | 23,385        | 22,906        |
| Dividends on redeemable preference shares not classified as equity   | 20,000        | 20,000        |
|  | <u>49,302</u> | <u>51,668</u> |

### 8 Taxation

|  | 2019<br>£     | 2018<br>£ |
|--|---------------|-----------|
| <b>Current tax</b>                                   |               |           |
| UK corporation tax on profits for the current period | 21,678        | -         |
| Adjustments in respect of prior periods              | (5,179)       | -         |
| Total current tax                                    | <u>16,499</u> | <u>-</u>  |

# W.R.R.PEDLEY & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 8 Taxation (Continued)

#### Deferred tax

|  |                   |                   |
|--|-------------------|-------------------|
| Origination and reversal of timing differences | 6,416             | 20,889            |
|  | <u>          </u> | <u>          </u> |
| Total tax charge                               | 22,915            | 20,889            |
|  | <u>          </u> | <u>          </u> |

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

|  | 2019<br>£         | 2018<br>£         |
|--|-------------------|-------------------|
| Profit before taxation   | 266,267           | 220,789           |
|  | <u>          </u> | <u>          </u> |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%) | 50,591            | 41,950            |
| Tax effect of expenses that are not deductible in determining taxable profit                         | 6,047             | 5,704             |
| Tax effect of income not taxable in determining taxable profit                                       | (1,877)           | (1,490)           |
| Depreciation in excess of capital allowances   | 978               | 3,660             |
| Under/(over) provided in prior years   | (5,178)           | -                 |
| Deferred tax timing differences  | 6,416             | 20,888            |
| Utilisation of tax losses  | (4,700)           | (20,286)          |
| Enhanced research and development expenditure  | (29,362)          | (29,537)          |
|  | <u>          </u> | <u>          </u> |
| Taxation charge for the year   | 22,915            | 20,889            |
|  | <u>          </u> | <u>          </u> |

### 9 Dividends

|              | 2019<br>£         | 2018<br>£         |
|--------------|-------------------|-------------------|
| Interim paid | 107,700           | 95,980            |
|              | <u>          </u> | <u>          </u> |

# W.R.R.PEDLEY & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 10 Tangible fixed assets

|                                    | Freehold<br>property<br>£ | Plant and<br>equipment<br>£ | Fixtures and<br>fittings<br>£ | Motor<br>vehicles<br>£ | Total<br>£ |
|------------------------------------|---------------------------|-----------------------------|-------------------------------|------------------------|------------|
| <b>Cost</b>                        |                           |                             |                               |                        |            |
| At 1 April 2018                    | 708,105                   | 2,968,178                   | 241,042                       | 124,535                | 4,041,860  |
| Additions                          | 62,377                    | 186,135                     | 26,561                        | -                      | 275,073    |
| Disposals                          | -                         | -                           | -                             | (34,000)               | (34,000)   |
| At 31 March 2019                   | 770,482                   | 3,154,313                   | 267,603                       | 90,535                 | 4,282,933  |
| <b>Depreciation and impairment</b> |                           |                             |                               |                        |            |
| At 1 April 2018                    | 334,651                   | 1,710,110                   | 178,128                       | 65,607                 | 2,288,496  |
| Depreciation charged in the year   | 14,189                    | 195,278                     | 22,942                        | 18,107                 | 250,516    |
| Eliminated in respect of disposals | -                         | -                           | -                             | (34,000)               | (34,000)   |
| At 31 March 2019                   | 348,840                   | 1,905,388                   | 201,070                       | 49,714                 | 2,505,012  |
| <b>Carrying amount</b>             |                           |                             |                               |                        |            |
| At 31 March 2019                   | 421,642                   | 1,248,925                   | 66,533                        | 40,821                 | 1,777,921  |
| At 31 March 2018                   | 373,454                   | 1,258,068                   | 62,914                        | 58,928                 | 1,753,364  |

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

|                     | 2019<br>£ | 2018<br>£ |
|---------------------|-----------|-----------|
| Plant and equipment | 432,999   | 499,171   |

### 11 Financial instruments

|   | 2019<br>£ | 2018<br>£ |
|---|-----------|-----------|
| <b>Carrying amount of financial assets</b>      |           |           |
| Debt instruments measured at amortised cost     | 2,864,831 | 3,103,567 |
| <b>Carrying amount of financial liabilities</b> |           |           |
| Measured at amortised cost                      | 2,020,956 | 2,398,455 |

# W.R.R.PEDLEY & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 12 Stocks

|                                     | 2019<br>£      | 2018<br>£      |
|-------------------------------------|----------------|----------------|
| Raw materials and consumables       | 437,909        | 356,719        |
| Work in progress                    | 362,385        | 396,334        |
| Finished goods and goods for resale | 73,256         | 69,373         |
|                                     | <u>873,550</u> | <u>822,426</u> |

### 13 Debtors

|   | 2019<br>£        | 2018<br>£        |
|---|------------------|------------------|
| <b>Amounts falling due within one year:</b> |                  |                  |
| Trade debtors                               | 1,563,512        | 1,805,248        |
| Corporation tax recoverable                 | -                | 29,897           |
| Amounts owed by group undertakings          | 1,298,319        | 1,298,319        |
| Other debtors                               | 3,000            | -                |
| Prepayments and accrued income              | 61,537           | 97,413           |
|   | <u>2,926,368</u> | <u>3,230,877</u> |

### 14 Creditors: amounts falling due within one year

|                                    | Notes | 2019<br>£        | 2018<br>£        |
|------------------------------------|-------|------------------|------------------|
| Bank loans and overdrafts          | 16    | 743,009          | 806,663          |
| Obligations under finance leases   | 17    | 106,069          | 120,403          |
| Trade creditors                    |       | 737,175          | 809,318          |
| Amounts owed to group undertakings |       | 244,873          | 311,882          |
| Corporation tax                    |       | 21,678           | -                |
| Other taxation and social security |       | 57,504           | 88,188           |
| Other creditors                    |       | -                | 49,257           |
| Accruals and deferred income       |       | 101,693          | 106,725          |
|                                    |       | <u>2,012,001</u> | <u>2,292,436</u> |

# W.R.R.PEDLEY & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

#### 15 Creditors: amounts falling due after more than one year

|                                  | Notes | 2019<br>£     | 2018<br>£      |
|----------------------------------|-------|---------------|----------------|
| Obligations under finance leases | 17    | 48,137        | 154,207        |
| Other borrowings                 | 16    | 40,000        | 40,000         |
|                                  |       | <u>88,137</u> | <u>194,207</u> |

Included in other creditors, due after more than one year are 40,000 redeemable preference shares of £1 each which were renewed for an additional 10 years from 1 August 2017. The shares are redeemable at par on or before 1 August 2027. Shareholders are entitled to receive dividends at 50% per annum on the par value of these shares on a cumulative basis. The preference shares carry no voting rights and rank in priority to the ordinary shares for repayment in the event of the company being wound up.

#### 16 Loans and overdrafts

|                         | 2019<br>£      | 2018<br>£      |
|-------------------------|----------------|----------------|
| Bank overdrafts         | 743,009        | 806,663        |
| Preference shares       | 40,000         | 40,000         |
|                         | <u>783,009</u> | <u>846,663</u> |
| Payable within one year | 743,009        | 806,663        |
| Payable after one year  | 40,000         | 40,000         |
|                         | <u></u>        | <u></u>        |

The bank overdraft is secured by an unlimited multilateral guarantee given by the company, C&F Group Holdings Limited, Hallen Engineering Limited and a debenture including a fixed charge over all present and future freehold and leasehold property and a first fixed charge over other book debts.

#### 17 Finance lease obligations

|   | 2019<br>£      | 2018<br>£      |
|---|----------------|----------------|
| Future minimum lease payments due under finance leases: |                |                |
| Within one year   | 106,069        | 120,403        |
| In two to five years                                    | 48,137         | 154,207        |
|   | <u>154,206</u> | <u>274,610</u> |



# W.R.R.PEDLEY & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 18 Provisions for liabilities

|                          | Notes | 2019<br>£ | 2018<br>£ |
|--------------------------|-------|-----------|-----------|
| Deferred tax liabilities | 19    | 228,257   | 221,841   |

### 19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

|                                | Liabilities<br>2019<br>£ | Liabilities<br>2018<br>£ |
|--------------------------------|--------------------------|--------------------------|
| <b>Balances:</b>               |                          |                          |
| Accelerated capital allowances | 228,257                  | 226,539                  |
| Tax losses                     | -                        | (4,698)                  |
|                                | <u>228,257</u>           | <u>221,841</u>           |
| <b>Movements in the year:</b>  |                          | 2019<br>£                |
| Liability at 1 April 2018      |                          | 221,841                  |
| Charge to profit or loss       |                          | 6,416                    |
| Liability at 31 March 2019     |                          | <u>228,257</u>           |

### 20 Retirement benefit schemes

|   | 2019<br>£ | 2018<br>£ |
|---|-----------|-----------|
| <b>Defined contribution schemes</b>                                 |           |           |
| Charge to profit or loss in respect of defined contribution schemes | 3,203     | 3,909     |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 21 Share capital

|                                    | 2019<br>£ | 2018<br>£ |
|------------------------------------|-----------|-----------|
| <b>Ordinary share capital</b>      |           |           |
| <b>Issued and fully paid</b>       |           |           |
| 100,000 Ordinary shares of £1 each | 100,000   | 100,000   |

### 22 Capital redemption reserve

# W.R.R.PEDLEY & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 22 Capital redemption reserve

(Continued)

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

### 23 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|  | 2019  | 2018  |
|--|-------|-------|
|  | £     | £     |
|  | ===== | ===== |

### 24 Ultimate controlling party

The group in which the results are consolidated is that headed by C&F Group Holdings Limited, incorporated in England. The consolidated accounts of this company are available to the public and may be obtained from the registered office being Ann Street, Willenhall, West Midlands, WV13 1EW.

### 25 Directors' transactions

| Description | %<br>Rate | Opening<br>balance<br>£ | Amounts<br>advanced<br>£ | Closing<br>balance<br>£ |
|-------------|-----------|-------------------------|--------------------------|-------------------------|
| Loan        | -         | -                       | 3,000                    | 3,000                   |
|             |           | =====                   | =====                    | =====                   |
|             |           | -                       | 3,000                    | 3,000                   |
|             |           | =====                   | =====                    | =====                   |

The loan will be paid within 9 months of the balance sheet date.

# W.R.R.PEDLEY & CO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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### 26 Cash generated from operations

|  | 2019<br>£      | 2018<br>£      |
|--|----------------|----------------|
| Profit for the year after tax                        | 243,352        | 199,900        |
| <b>Adjustments for:</b>                              |                |                |
| Taxation charged                                     | 22,915         | 20,889         |
| Finance costs  | 49,302         | 51,668         |
| (Gain)/loss on disposal of tangible fixed assets     | (2,000)        | 198            |
| Depreciation and impairment of tangible fixed assets | 250,517        | 240,821        |
| <b>Movements in working capital:</b>                 |                |                |
| (Increase)/decrease in stocks                        | (51,124)       | 183,118        |
| Decrease/(increase) in debtors                       | 277,612        | (134,555)      |
| (Decrease)/increase in creditors                     | (224,125)      | 216,418        |
| <b>Cash generated from operations</b>                | <u>566,449</u> | <u>778,457</u> |