

REGISTERED NUMBER: 00366790 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2019
FOR
BURROWS & SMITH LIMITED**



Magma Audit LLP
Chartered Accountants
Statutory Auditor
Unit 2, Chamwood Edge Business Park
Syston Road
Leicestershire
LE7 4UZ

BURROWS & SMITH LIMITED
CONTENTS OF THE FINANCIAL STATEMENTS
for the year ended 31 October 2019

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	4
Statement of Profit and Loss Account	6
Other Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10
Trading and Profit and Loss Account	20

BURROWS & SMITH LIMITED
COMPANY INFORMATION
for the year ended 31 October 2019

DIRECTORS:

C R F Shield
A Dyke
B Harrison

SECRETARY:

C R F Shield

REGISTERED OFFICE:

365 Fosse Way
Syston
Leicester
Leicestershire
LE7 1NL

REGISTERED NUMBER:

00366790 (England and Wales)

AUDITORS:

Magma Audit LLP
Chartered Accountants
Statutory Auditor
Unit 2, Charnwood Edge Business Park
Syston Road
Leicestershire
LE7 4UZ

BURROWS & SMITH LIMITED
STRATEGIC REPORT
for the year ended 31 October 2019

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

The principal activity of the year under review was that of the production machining of ferrous castings.

REVIEW OF BUSINESS

The business has performed satisfactorily this year, despite some mixed volumes from its key customers. Significant growth in turnover has been seen as a result of new business being introduced into the company and a high level of operational performance combined with strict cost controls has allowed the company to achieve another profitable year. Forecasting is difficult within our sector but medium term the volumes look slightly lower as a result of emission changes. Looking longer term company looks to the future with some confidence as it is well placed to benefit from the further introduction of new business which should grow turnover and improve profitability again.

As a post year end update, the period following the year end has been extraordinary as a result of the Covid 19 pandemic. Since February the volumes have been heavily impacted by European and then UK lockdowns. The business reacted immediately to safeguard its staff as a priority and also protect its cash reserves. The management team have worked hard to adjust the facility and working practices to ensure the safety of the staff and we were pleased to pass a HSE review with no improvement points.

The business has continued production to support key customer lines whilst managing excess capacity with holidays and extensive use of the Furlough support from the government.

Unfortunately the business has also had to restructure the workforce to reflect the new turnover levels. Since May/ June most customers have returned and business levels, although still reduced are recovering and the period appears to have been weathered. Tight control of cashflow has been maintained and the business has been able to manage a reserve cash position in case of a future lockdown event.

At the time of writing the business levels are continuing to grow and the Board are pleased to see that the business is trading positively

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks and uncertainties affecting the company annually are considered to relate to competition from overseas suppliers, global demand for our customer products and raw material costs. In recent years there is an additional element as a result of Brexit which could be both positive and negative subject to the final outcome of negotiations. The company is well positioned with a capable supply chain, strong workforce and management team and growing reserves to meet these challenges allowing continual investment into the future.

FINANCIAL KEY PERFORMANCE INDICATORS

The Company's key performance indicators are as follows:

Sales

The accounts report a 32% increase (2018: 9% increase) in the level of sales over the previous financial year.

Gross Margin

Gross margin for the year has increased from 17.49% to 20.61%.

OTHER KEY PERFORMANCE INDICATORS

There are no significant non-financial key performance indicators which are relevant to understanding the position of the business.

ON BEHALF OF THE BOARD:



C R F Shield - Director

Date: 12th OCTOBER 2020

BURROWS & SMITH LIMITED
REPORT OF THE DIRECTORS
for the year ended 31 October 2019

The directors present their report with the financial statements of the company for the year ended 31 October 2019.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of production machining of ferrous castings.

DIVIDENDS

Interim dividends were paid amounting to £60,000 (2018: £nil). The directors recommend that no final dividends will be paid.

DIRECTORS

C R F Shield has held office during the whole of the period from 1 November 2018 to the date of this report.

Other changes in directors holding office are as follows:

A Dyke - appointed 1 April 2019
B Harrison - appointed 1 April 2019

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Magma Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
C R F Shield - Director

Date: 12th October 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BURROWS & SMITH LIMITED

Opinion

We have audited the financial statements of Burrows & Smith Limited (the 'company') for the year ended 31 October 2019 which comprise the Statement of Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 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 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
BURROWS & SMITH LIMITED**

Responsibilities of directors

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Magma Audit LLP

Luke Turner ACA FCCA (Senior Statutory Auditor)
for and on behalf of Magma Audit LLP
Chartered Accountants
Statutory Auditor
Unit 2, Charnwood Edge Business Park
Syston Road
Leicestershire
LE7 4UZ

Date:20/10/20.....

BURROWS & SMITH LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT
for the year ended 31 October 2019

	Notes	2019 £	2018 £
TURNOVER	4	14,355,531	10,848,056
Cost of sales		(11,396,143)	(8,950,942)
GROSS PROFIT		2,959,388	1,897,114
Administrative expenses		(2,134,019)	(1,791,961)
		825,369	105,153
Other operating income	5	113,983	119,993
OPERATING PROFIT	7	939,352	225,146
Exceptional item	8	-	5,726,820
		939,352	5,951,966
Interest receivable and similar income	9	39	643
		939,391	5,952,609
Interest payable and similar expenses	10	(9,094)	(21,585)
PROFIT BEFORE TAXATION		930,297	5,931,024
Tax on profit	11	(30,935)	2,560
PROFIT FOR THE FINANCIAL YEAR		899,362	5,933,584

The notes form part of these financial statements

BURROWS & SMITH LIMITED
OTHER COMPREHENSIVE INCOME
for the year ended 31 October 2019

	Notes	2019 £	2018 £
PROFIT FOR THE YEAR		899,362	5,933,584
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		899,362	5,933,584

The notes form part of these financial statements

BURROWS & SMITH LIMITED (REGISTERED NUMBER: 00366790)

**BALANCE SHEET
31 October 2019**

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible assets	13	2,233,710	2,716,807
Investment property	14	1,574,057	1,574,057
		<u>3,807,767</u>	<u>4,290,864</u>
CURRENT ASSETS			
Stocks	15	1,110,212	1,403,909
Debtors	16	1,930,068	1,553,961
Cash at bank and in hand		257,940	76
		<u>3,298,220</u>	<u>2,957,946</u>
CREDITORS			
Amounts falling due within one year	17	(2,748,672)	(3,618,463)
NET CURRENT ASSETS/(LIABILITIES)		<u>549,548</u>	<u>(660,517)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,357,315</u>	<u>3,630,347</u>
CREDITORS			
Amounts falling due after more than one year	18	(82,852)	(191,361)
PROVISIONS FOR LIABILITIES	22	(47,600)	(51,485)
NET ASSETS		<u>4,226,863</u>	<u>3,387,501</u>
CAPITAL AND RESERVES			
Called up share capital	23	106,376	106,376
Revaluation reserve	24	891,029	891,029
Retained earnings	24	3,229,458	2,390,096
SHAREHOLDERS' FUNDS		<u>4,226,863</u>	<u>3,387,501</u>

The financial statements were approved by the Board of Directors and authorised for issue on 12th October 2020 and were signed on its behalf by:


C R F Shield - Director

The notes form part of these financial statements

BURROWS & SMITH LIMITED
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 October 2019

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 November 2017	106,376	(3,543,488)	891,029	(2,546,083)
Changes in equity				
Total comprehensive income	-	5,933,584	-	5,933,584
Balance at 31 October 2018	106,376	2,390,096	891,029	3,387,501
Changes in equity				
Dividends	-	(60,000)	-	(60,000)
Total comprehensive income	-	899,362	-	899,362
Balance at 31 October 2019	106,376	3,229,458	891,029	4,226,863

The notes form part of these financial statements

BURROWS & SMITH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 2019

1. STATUTORY INFORMATION

Burrows & Smith Limited is a limited company, registered in England and Wales. Its registered office address is 365 Fosse Way, Syston, Leicestershire, LE7 1NL and the registered number is 00366790.

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.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Burrows and Smith Holdings Limited as at 31 October 2019.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Revenue is recognised in the period in which the goods are despatched.

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	2.5% on a reducing balance basis
Plant & machinery	20% on a reducing balance basis or over 7 years on a straight line basis
Motor vehicles	25% on a reducing balance basis
Fixtures & fittings	25% on a reducing balance basis

Freehold land is not depreciated.

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.

Investment property

Investment property is carried at fair value and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Profit and Loss Account.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

BURROWS & SMITH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2019**

2. ACCOUNTING POLICIES - continued

Taxation

The tax expense for the year comprises current and deferred tax.

Tax is recognised in profit or loss except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Both current and deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies

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

Pension costs and other post-retirement benefits

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

Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amounts charged is at a consistent rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Operating leases

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

Cash and cash equivalents

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.

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.

BURROWS & SMITH LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 October 2019

2. 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.

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.

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.

Equity instruments

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

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.

Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

3. CRITICAL ACCOUNTING 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.

BURROWS & SMITH LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2019

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Depreciation of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual lives of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the assets and the Tangible Fixed Assets accounting policy for the useful economic lives for each class of asset.

Stock provisioning

Slow moving stock provisions are based on estimates of the likely recoverable amounts.

4. TURNOVER

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

An analysis of turnover by geographical market is given below:

	2019 £	2018 £
United Kingdom	13,947,974	10,185,683
Rest of the World	407,557	662,373
	<u>14,355,531</u>	<u>10,848,056</u>

5. OTHER OPERATING INCOME

	2019 £	2018 £
Rents received	<u>113,983</u>	<u>119,993</u>

6. EMPLOYEES AND DIRECTORS

	2019 £	2018 £
Wages and salaries	2,056,767	1,970,483
Social security costs	182,990	194,342
Other pension costs	37,904	29,417
	<u>2,277,661</u>	<u>2,194,242</u>

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

	2019	2018
Production and technical	60	51
Management and administration	14	13
	<u>74</u>	<u>64</u>

	2019 £	2018 £
Directors' remuneration	<u>116,475</u>	<u>20,000</u>

BURROWS & SMITH LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2019

7. OPERATING PROFIT

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

	2019	2018
	£	£
Depreciation - owned assets	582,647	546,778
Profit on disposal of fixed assets	(3,000)	(90,000)
Auditors' remuneration	20,200	15,400
Taxation compliance services	1,500	1,600
Stock recognised as cost of sales	9,676,455	6,428,659
Bad debts	-	10,138
	<u> </u>	<u> </u>

8. EXCEPTIONAL ITEMS

	2019	2018
	£	£
Exceptional item	-	5,726,820
	<u> </u>	<u> </u>

The exceptional item was the waiver of a loan to Shield Engineering (Syston) Limited which is controlled by C R F Shield.

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019	2018
	£	£
Deposit account interest	39	643
	<u> </u>	<u> </u>

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
HMRC interest	187	-
Hire purchase interest	8,907	21,585
	<u> </u>	<u> </u>
	9,094	21,585
	<u> </u>	<u> </u>

11. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	2019	2018
	£	£
Current tax:		
UK corporation tax	34,834	(2,560)
Adjustment to prior years	(14)	-
	<u> </u>	<u> </u>
Total current tax	34,820	(2,560)
Deferred tax	(3,885)	-
	<u> </u>	<u> </u>
Tax on profit	30,935	(2,560)
	<u> </u>	<u> </u>

BURROWS & SMITH LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2019

11. TAXATION - continued

Reconciliation of total tax charge/(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:

	2019 £	2018 £
Profit before tax	<u>930,297</u>	<u>5,931,024</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	176,756	1,126,895
Effects of:		
Capital allowances in excess of depreciation	-	(5,007)
Depreciation in excess of capital allowances	23,261	-
Utilisation of tax losses	(172,624)	(38,784)
Adjustments to tax charge in respect of previous periods	(14)	2,432
Related company loan waiver	-	(1,088,096)
Disallowable expenses	9,126	-
R&D expenditure	(5,000)	-
Fixed asset profit on disposals	(570)	-
Total tax charge/(credit)	<u>30,935</u>	<u>(2,560)</u>

12. DIVIDENDS

	2019 £	2018 £
Ordinary shares of £1 each		
Interim	<u>60,000</u>	<u>-</u>

13. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 November 2018	12,758,270	506,563	57,744	13,322,577
Additions	99,550	-	-	99,550
Disposals	(3,000)	-	-	(3,000)
At 31 October 2019	<u>12,854,820</u>	<u>506,563</u>	<u>57,744</u>	<u>13,419,127</u>
DEPRECIATION				
At 1 November 2018	10,045,491	503,678	56,601	10,605,770
Charge for year	581,640	721	286	582,647
Eliminated on disposal	(3,000)	-	-	(3,000)
At 31 October 2019	<u>10,624,131</u>	<u>504,399</u>	<u>56,887</u>	<u>11,185,417</u>
NET BOOK VALUE				
At 31 October 2019	<u>2,230,689</u>	<u>2,164</u>	<u>857</u>	<u>2,233,710</u>
At 31 October 2018	<u>2,712,779</u>	<u>2,885</u>	<u>1,143</u>	<u>2,716,807</u>

BURROWS & SMITH LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2019

13. TANGIBLE FIXED ASSETS - continued

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Plant and machinery	<u>331,310</u>	<u>2,237,677</u>

The depreciation charge for the year on assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Plant and machinery	<u>55,714</u>	<u>421,992</u>

14. INVESTMENT PROPERTY

	Total £
FAIR VALUE	
At 1 November 2018 and 31 October 2019	<u>1,574,057</u>
NET BOOK VALUE	
At 31 October 2019	<u>1,574,057</u>
At 31 October 2018	<u>1,574,057</u>

The investment property is held at the directors' estimate of open market value.

If the investment properties had been accounted for under historical cost accounting rules, the properties would have been measured as follows:

	2019 £	2018 £
Historical cost	<u>1,016,589</u>	<u>1,016,589</u>

15. STOCKS

	2019 £	2018 £
Raw materials	1,013,306	1,252,219
Finished goods	96,906	151,690
	<u>1,110,212</u>	<u>1,403,909</u>

BURROWS & SMITH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2019**

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade debtors	1,879,323	1,523,473
Amounts owed by group undertakings	29,620	1,156
Other debtors	2,034	1,036
Prepayments and accrued income	19,091	28,296
	<u>1,930,068</u>	<u>1,553,961</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Bank loans and overdrafts (see note 19)	-	160,357
Hire purchase contracts (see note 20)	108,509	457,305
Trade creditors	2,032,737	1,363,941
Tax	34,834	-
Social security and other taxes	366,152	302,013
Other creditors	15,265	47,032
Amounts owed to related party undertakings	133,415	1,271,097
Accruals and deferred income	57,760	16,718
	<u>2,748,672</u>	<u>3,618,463</u>

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

	2019	2018
	£	£
Hire purchase contracts (see note 20)	<u>82,852</u>	<u>191,361</u>

19. LOANS

An analysis of the maturity of loans is given below:

	2019	2018
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>-</u>	<u>160,357</u>

20. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	2019	2018
	£	£
Net obligations repayable:		
Within one year	108,509	457,305
Between one and five years	82,852	191,361
	<u>191,361</u>	<u>648,666</u>

BURROWS & SMITH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2019**

21. SECURED DEBTS

The following secured debts are included within creditors:

	2019 £	2018 £
Bank overdraft	-	160,357
Hire purchase contracts	191,361	648,666
	<u>191,361</u>	<u>809,023</u>

22. PROVISIONS FOR LIABILITIES

	2019 £	2018 £
Deferred tax	47,600	51,485

	Deferred tax £
Balance at 1 November 2018	51,485
Credit to Statement of Profit and Loss Account during year	(3,885)
Balance at 31 October 2019	<u>47,600</u>

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2019	2018
Number:	Class:	Nominal value:	£	£
100,000	Ordinary	£1	100,000	100,000
6,376	Non cumulative preference shares	£1	6,376	6,376
			<u>106,376</u>	<u>106,376</u>

24. RESERVES

Revaluation reserve

The revaluation reserve reflects the surplus on the revaluation of investment property.

Retained earnings

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

25. PENSION COMMITMENTS

The company operates a defined contributions scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £37,904 (2018 - £29,417). Contributions totalling £Nil (2018 - £823) were payable to the fund at the balance sheet date and are included within creditors.

BURROWS & SMITH LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2019

26. OTHER FINANCIAL COMMITMENTS

The company had capital commitments of £138,450 (2018: £nil) at the balance sheet date.

The company had no commitments under non-cancellable operating leases as at the balance sheet date.

27. RELATED PARTY DISCLOSURES

Shield Engineering (Syston) Limited and Shield Properties Limited were both related parties of the Company during the year by virtue of both being ultimately controlled by C R F Shield.

During the year, the company had transactions with these companies as follows:

	2019 £	2018 £
Purchases from Shield Engineering (Syston) Limited	50,202	239,806
Purchases from G W Atkins Holdings	10,970	-
Purchases from GMC Woolley	4,857	-
Sales to GMC Woolley	2,915	-
Purchases from Old Engineering Limited	67,957	-
Amounts due (to)/from Shield Engineering (Syston) Limited	14,102	(1,137,682)
Amounts due (to)/from Shield Properties Limited	(133,415)	(133,415)
Waiver of loan with Shield Engineering (Syston) Limited	-	5,726,820

28. ULTIMATE CONTROLLING PARTY

The company is controlled by its parent company, Burrows & Smith Holdings Limited which is controlled by C R F Shield.

29. COMMITMENTS UNDER OPERATING LEASES

The company has rental income from properties. Lease terms vary according to the nature of the property. Some contain provision for rent reviews according to prevailing market conditions.

At 30 October 2019 the company had future minimum rentals recoverable under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	149,045	149,045
Later than 1 year and not later than 5 years	112,208	258,695
	<u>261,253</u>	<u>407,739</u>