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Registered number: 00366790

BURROWS & SMITH LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2017

COMPANY INFORMATION

Director	C R F Shield
Company secretary	C R F Shield
Registered number	00366790
Registered office	365 Fosse Way Syston Leicester LE7 1NL
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Regent House 80 Regent Road Leicester LE1 7NH
Bankers	National Westminister Bank PLC 1 Granby Street Leicester LE1 9GT

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 OCTOBER 2017

Introduction

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

Business review

The business has experienced improved trading conditions as a result of the market in mining and oil and gas recovered in line with general commodities. Customer volumes have recovered to more normal levels and widespread restocking has occurred across industry.

The major challenge for the business commercially has been recovering the material and exchange rate impacts from raw material suppliers to allow an acceptable margin. This activity has been working through in the year with the some challenging customer discussions. The management's strategy to consolidate the manufacturing facilities has reduced its cost base and improved efficiency. In line with these activities concluding the company expects to reduced levels of capital investment moving forwards.

The directors look forward to the future with some confidence with healthy volumes combined with the development of a wider and more diverse customer base and recovery in traditional markets.

Principal risks and uncertainties

The key risks and uncertainties affecting the company are considered to relate to competition from overseas suppliers, global demand for our customer products and raw material costs. The company is well positioned with a capable supply chain, strong workforce and management team to meet these challenges allowing continued investment into the future.

Financial key performance indicators

The company's key performance indicatiors are as follows:

Sales
The accounts report a 11% increase (2016: 23% decrease) in the level of sales over the previous financial year

Gross margin
Gross margin for the year has reduced from 12% to 7.5%

Other key performance indicators

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

This report was approved by the board on 20 April 2018 and signed on its behalf.

C R F Shield

C R F Shield
Director

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 OCTOBER 2017

The director presents his report and the financial statements for the year ended 31 October 2017.

Director

The director who served during the year was:

C R F Shield

Director's responsibilities statement

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that he gives 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 director is required to:

- select suitable accounting policies for the Company's financial statements 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 director is 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 to enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Results and dividends

The loss for the year, after taxation, amounted to £1,272,664 *(2016: loss £1,481,745)*.

The director does not recommend payment of an ordinary dividend.

Future developments

Future developments have been detailed in the strategic report.

DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2017

Financial instruments

The company uses financial instruments, other than derivatives, comprising cash and other liquid resources and various other items such as trade debtors, hire purchase, trade creditors and inter-company loans that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company's financial instruments are credit risk, liquidity risk and interest rate risk. The directors review agree policies for managing each of these risks and they are summarized below. The policies have remained unchanged from previous periods.

Credit risk
In order to limit credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Debtor balances are reviewed on a regular basis in conjunction with debt ageing and collection history.

Liquidity risk
The company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely and profitably.

Interest rate risk
The company finances its operations through a mixture of retained profits, invoice discounting, hire purchase and inter-company loans. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

Disclosure of information to auditor

The director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the director on 20 April 2018 and signed on its behalf.

C R F Shield
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BURROWS & SMITH LIMITED

Opinion

We have audited the financial statements of Burrows & Smith Limited for the year ended 31 October 2017, which comprise the Profit and Loss Account, Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, 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 October 2017 and of its loss 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 United Kingdom, including the Financial Reporting Council'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.

Who we are reporting to

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.

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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BURROWS & SMITH LIMITED (CONTINUED)

Other information

The director is responsible for the other information. The other information comprises the information included in the Directors' Report and Strategic Report, as set out on page 1-3, but does not include 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.

Opinion 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report by the Companies Act 2006

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 Director's Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BURROWS & SMITH LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Director's Responsibilities Statement on page 2, the director is 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 director determines 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 director is 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 director either intends to liquidate the Company or to cease operations, or has 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 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: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's Report.

Grant Thornton UK LLP

Christopher Frostwick
(Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leicester

20 April 2018

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2017

	Note	2017 £	*2016* *£*
Turnover	4	**9,931,573**	*8,944,191*
Cost of sales		**(9,187,067)**	*(7,874,480)*
Gross profit		**744,506**	*1,069,711*
Administrative expenses		**(2,060,517)**	*(2,510,115)*
Other operating income	5	**79,125**	*11,950*
Operating loss	6	**(1,236,886)**	*(1,428,454)*
Interest receivable and similar income	10	**605**	*279*
Interest payable and similar expenses	11	**(23,904)**	*(15,518)*
Loss before tax		**(1,260,185)**	*(1,443,693)*
Tax on loss	12	**(12,479)**	*(38,052)*
Loss for the financial year		**(1,272,664)**	*(1,481,745)*

The notes on pages 11 to 25 form part of these financial statements.

Statement of Other Comprehensive Income
FOR THE YEAR ENDED 31 OCTOBER 2017

	2017 £	2016 £
Loss for the financial year	**(1,272,664)**	*(1,481,745)*
Total comprehensive income for the year	**(1,272,664)**	*(1,481,745)*

BALANCE SHEET
AS AT 31 OCTOBER 2017

	Note		2017 £		2016 £
Fixed assets					
Tangible assets	13		**2,873,585**		*5,254,320*
Investment property	14		**1,574,057**		-
Current assets					
Stocks	15	**947,729**		*1,131,246*	
Debtors: amounts falling due within one year	16	**571,917**		*1,182,350*	
Cash at bank and in hand	17	**119,945**		*4,192*	
		1,639,591		*2,317,788*	
Creditors: amounts falling due within one year	18	**(8,221,160)**		*(7,556,095)*	
Net current liabilities			**(6,581,569)**		*(5,238,307)*
Total assets less current liabilities			**(2,133,927)**		*16,013*
Creditors: amounts falling due after more than one year	19		**(355,679)**		*(1,247,880)*
Provisions for liabilities					
Deferred tax	20	**(56,477)**		*(41,552)*	
			(56,477)		*(41,552)*
Net liabilities			**(2,546,083)**		*(1,273,419)*
Capital and reserves					
Called up share capital	21		**106,376**		*106,376*
Revaluation reserve	22		**891,029**		*891,029*
Profit and loss account	22		**(3,543,488)**		*(2,270,824)*
			(2,546,083)		*(1,273,419)*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 April 2018.

C R F Shield
Director

The notes on pages 11 to 25 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2017

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 November 2016	**106,376**	**891,029**	**(2,270,824)**	**(1,273,419)**
Comprehensive income for the year				
Loss for the year	-	-	(1,272,664)	(1,272,664)
Total comprehensive income for the year	-	-	(1,272,664)	(1,272,664)
Total transactions with owners	-	-	-	-
At 31 October 2017	**106,376**	**891,029**	**(3,543,488)**	**(2,546,083)**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2016

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 November 2015	**106,376**	**891,029**	**(789,079)**	**208,326**
Comprehensive income for the year				
Loss for the year	-	-	(1,481,745)	(1,481,745)
Total comprehensive income for the year	-	-	(1,481,745)	(1,481,745)
Total transactions with owners	-	-	-	-
At 31 October 2016	**106,376**	**891,029**	**(2,270,824)**	**(1,273,419)**

The notes on pages 11 to 25 form part of these financial statements.

1. General information

The principal activity of the year under review was that of the production machining of ferrous castings. The company is registered in England and its registered office is 365 Fosse Way, Syston, Leicester LE7 1NL.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The company has made a loss in the year and has net liabilities. Notwithstanding this, the director believes that it is appropriate to adopt the going concern basis in the preparation of the financial statements. In reaching this conclusion the director has taken into account the group support provided together with the future prospects of the business.

2.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. Turnover is recognised on despatch of goods.

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2.5% on a reducing balance basis. No depreciation is provided on freehold land
Plant & machinery	- 20% on a reducing balance basis/on cost over 7 years
Motor vehicles	- 25% on a reducing balance basis
Fixtures & fittings	- 25% on a reducing balance basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account.

2.5 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.

2.6 Stocks

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

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Accounting policies (continued)

2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties..

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

2.10 Creditors

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

2.11 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 amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. *Accounting policies (continued)*

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2. Accounting policies (continued)

2.16 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and Loss Account within 'other operating income'.

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a charge 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.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on mamagement's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information abut such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summaried below:

Judgements on applying accouting policies:
The directors must judge whether all the conditions required for turnover to be recognised in the profit and loss account of the financial year, as set out in note 2.3 above, have been met.

Sources of estimation uncertainty:
Depreciation rates are based on estimates of the useful lives and residual values of the assets involved (see note 2.4);
Slow moving stock provisions are based on estimates of the likely recoverable amounts (see note 2.7).

4. Turnover

Analysis of turnover by country of destination:

	2017 £	*2016 £*
United Kingdom	9,010,449	*8,211,327*
Rest of the world	921,124	*732,864*
	9,931,573	*8,944,191*

5. Other operating income

	2017 £	*2016 £*
Net rents receivable	79,125	*11,950*

6. Operating loss

The operating loss is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	**224,662**	*281,632*
- held under finance leases	**419,016**	*244,426*
Exchange differences	**(2,098)**	*4,512*
Other operating lease rentals	**-**	*75,837*
Defined contribution pension cost	**31,186**	*33,566*

7. Auditor's remuneration

	2017	2016
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**13,100**	*12,750*

Fees payable to the Company's auditor and its associates in respect of:

Taxation compliance services	**1,550**	*1,750*

8. Employees

Staff costs, including director's remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	1,987,450	2,063,050
Social security costs	189,086	191,972
Cost of defined contribution scheme	31,186	33,566
	2,207,722	2,288,588

The average monthly number of employees, including the director, during the year was as follows:

	2017 No.	2016 No.
Productive and technical	66	56
Administrative and managerial	4	11
	70	67

9. Director's remuneration

	2017 £	2016 £
Director's emoluments	20,000	20,000

10. Interest receivable

	2017 £	2016 £
Other interest receivable	605	279

11. Interest payable and similar charges

	2017 £	2016 £
Finance leases and hire purchase contracts	23,904	15,518

12. Taxation

	2017	2016
	£	£
Corporation tax		
Current tax on profits for the year	-	*2,446*
Adjustments in respect of previous periods	(2,446)	*1,102*
Total current tax	(2,446)	*3,548*
Deferred tax		
Origination and reversal of timing differences	14,925	*34,504*
Total deferred tax	14,925	*34,504*
Taxation on profit on ordinary activities	12,479	*38,052*

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2016 - higher than)* the standard rate of corporation tax in the UK of 19.41% *(2016: 20%)*. The differences are explained below:

	2017	2016
	£	£
Loss on ordinary activities before tax	(1,260,185)	*(1,443,693)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.41% (2016 - 20%)	(244,602)	*(288,739)*
Effects of:		
Fixed asset differences	(17,421)	*9,548*
Chargeable gain	15,393	-
Adjustments to tax charge in respect of prior periods	(2,446)	*1,102*
Group relief	30,789	*316,141*
Loss carried back	2,374	-
Losses carried forward	228,392	-
Total tax charge for the year	12,479	*38,052*

13. Tangible fixed assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation					
At 1 November 2016	**1,838,764**	**12,682,208**	**57,744**	**506,563**	**15,085,279**
Disposals	**-**	**(223,938)**	**-**	**-**	**(223,938)**
Reclassified to investment property	**(1,838,764)**	**-**	**-**	**-**	**(1,838,764)**
At 31 October 2017	**-**	**12,458,270**	**57,744**	**506,563**	**13,022,577**
Depreciation					
At 1 November 2016	**101,707**	**9,172,106**	**55,712**	**501,434**	**9,830,959**
Charge for the year on owned assets	**-**	**222,872**	**508**	**1,282**	**224,662**
Charge for the year on financed assets	**-**	**419,016**	**-**	**-**	**419,016**
Disposals	**-**	**(223,938)**	**-**	**-**	**(223,938)**
Reclassified to investment property	**(101,707)**	**-**	**-**	**-**	**(101,707)**
At 31 October 2017	**-**	**9,590,056**	**56,220**	**502,716**	**10,148,992**
Net book value					
At 31 October 2017	**-**	**2,868,214**	**1,524**	**3,847**	**2,873,585**
At 31 October 2016	*1,737,057*	*3,510,102*	*2,032*	*5,129*	*5,254,320*

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

	2017 £	*2016 £*
Plant and machinery	**2,269,668**	*2,688,684*

13. Tangible fixed assets (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2017 £	*2016* *£*
Cost	-	*1,044,825*
Accumulated depreciation	-	*(299,011)*
Net book value	-	*745,814*

14. Investment property

	Freehold investment property £
Valuation	
Disposals	(163,000)
Reclassified from tangible fixed assets	1,737,057
At 31 October 2017	1,574,057

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

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

	2017 £	*2016* *£*
Historical cost	1,016,589	-
Accumulated depreciation and impairments	(240,734)	-
	775,855	-

15. Stocks

	2017 £	2016 £
Raw materials and consumables	**772,370**	*936,750*
Finished goods and goods for resale	**175,359**	*194,496*
	947,729	*1,131,246*

Stock recognised in cost of sales during the year as an expense was £6,895,340 (2016: £5,575,040).

A stock provision of £29,572 (2016: £17,623) was offset against stock.

16. Debtors

	2017 £	2016 £
Trade debtors	**570,883**	*1,149,587*
Other debtors	**1,034**	*1,034*
Prepayments and accrued income	**-**	*31,729*
	571,917	*1,182,350*

A bad debt provision of £Nil (2016: £Nil) was offset against trade debtors and the cost recognised within administrative expenses.

17. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	**119,945**	*4,192*

18. Creditors: Amounts falling due within one year

	2017 £	*2016 £*
Trade creditors	**493,130**	*550,089*
Amounts owed to group undertakings	-	*5,745,305*
Amounts owed to related party undertakings	**6,358,777**	-
Corporation tax	-	*2,446*
Taxation and social security	**399,574**	*291,382*
Obligations under finance lease and hire purchase contracts	**892,201**	*870,815*
Other creditors	**15,859**	*628*
Accruals and deferred income	**61,619**	*95,430*
	8,221,160	*7,556,095*

19. Creditors: Amounts falling due after more than one year

	2017 £	*2016 £*
Net obligations under finance leases and hire purchase contracts	**355,679**	*1,247,880*

20. Deferred taxation

	2017 £	*2016 £*
At beginning of year	**(41,552)**	*(7,048)*
Charged to profit or loss	**(14,925)**	*(34,504)*
At end of year	**(56,477)**	*(41,552)*

The provision for deferred taxation is made up as follows:

	2017 £	*2016 £*
Accelerated capital allowances	**(56,477)**	*(41,552)*

21. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	**100,000**	*100,000*
6,376 Non cumulative preference shares of £1 each	**6,376**	*6,376*
	106,376	*106,376*

22. Reserves

Revaluation reserve

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

Profit & loss account

The profit and loss account includes all current and prior period retained profits and losses.

23. Pension commitments

The company operates a defined contributions pension 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 £31,186 (2016: £33,566). Contributions totalling £Nil (2016: £Nil) were payable to the fund at the balance sheet date and are included in creditors.

24. Commitments under operating leases

At 31 October 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	**-**	*31,667*

25. Related party transactions

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:

	2017
	£
Purchases from Shield Engineering (Syston) Limited	**(121,049)**
Amounts due to Shield Engineering (Syston) Limited	**(6,340,362)**
Amounts due to Shield Properties Limited	**(18,415)**
	(6,479,826)

26. Ultimate parent undertaking and controlling party

At the year end the company was controlled by its parent company, Burrows and Smith Holdings Limited which is controlled by C R F Shield.