

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2021  
FOR  
BURROWS & SMITH LIMITED**

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

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**for the year ended 31 October 2021**

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**BURROWS & SMITH LIMITED**  
**COMPANY INFORMATION**  
**for the year ended 31 October 2021**

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<b>DIRECTORS:</b>	C R F Shield A Dyke B Harrison
<b>SECRETARY:</b>	C R F Shield
<b>REGISTERED OFFICE:</b>	365 Fosse Way Syston Leicester Leicestershire LE7 1NL
<b>REGISTERED NUMBER:</b>	00366790 (England and Wales)
<b>AUDITORS:</b>	Magma Audit LLP Chartered Accountants Statutory Auditor Unit 2, Charnwood Edge Business Park Syston Road Leicestershire LE7 4UZ

**STRATEGIC REPORT  
for the year ended 31 October 2021**

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

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

**REVIEW OF BUSINESS**

The business has performed reasonably this year, despite some mixed volumes from its key customers and ongoing Covid pandemic disruption. General industry volumes have been unpredictable and pricing and margins have been under pressure from labour and energy cost increases. The business has kept a tight control of costs throughout this period and the Directors are pleased to report very high levels of operational performance to its customers.

The ongoing pandemic has remained a challenge to manage but its impact has lessened through the period. The Directors are pleased with how the company has managed the risk to the workforce but also supported the customers at the same time.

Post year end the business has seen a changing customer portfolio with growth in certain areas and the phasing out of businesses in other more traditional areas. Turnover is reduced but the business is successfully winning profitable business to replace the historical work and as a result of this and the growth of new business the company looks to the future with some confidence.

**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 energy and raw material costs. The resolution of the Brexit position has removed one of the major risks to the business and it is hoped that this will prove positive long term. The company is well positioned to meet these challenges 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 3.88% increase (2020: 29.37% decrease) in the level of sales over the previous financial year.

**Gross Margin**

Gross margin for the year has increased from 17.38% to 25.07%.

**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

23 May 2022

**REPORT OF THE DIRECTORS  
for the year ended 31 October 2021**

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

**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 2021: £100,000 (2020: NIL) The directors recommend that no final dividends will be paid.

**DIRECTORS**

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

C R F Shield  
A Dyke  
B Harrison

**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, was appointed as auditors during the year.

**ON BEHALF OF THE BOARD:**

C R F Shield - Director

23 May 2022

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

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### Opinion

We have audited the financial statements of Burrows & Smith Limited (the 'company') for the year ended 31 October 2021 which comprise the Statement of 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

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

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

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

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

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

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

### 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

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### **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.

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

Based on our understanding of the company and industry, we identified the principal risks of non-compliance with laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed included:

- Enquire with management for consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Challenging assumptions made by management in their significant accounting estimates, in particular in relation to the stock valuation and judgements formed;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, journal entries crediting cash and journal entries with specific defined descriptions.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion

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](http://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.

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  
LE17 4UZ

23 May 2022

**STATEMENT OF COMPREHENSIVE  
INCOME**  
for the year ended 31 October 2021

	Notes	2021 £	2020 £
<b>TURNOVER</b>	4	10,532,279	10,139,186
Cost of sales		<u>(7,891,502)</u>	<u>(8,376,856)</u>
<b>GROSS PROFIT</b>		2,640,777	1,762,330
Administrative expenses		<u>(1,990,054)</u>	<u>(1,941,266)</u>
		650,723	(178,936)
Other operating income	5	<u>224,136</u>	<u>362,267</u>
<b>OPERATING PROFIT</b>	7	874,859	183,331
Interest receivable and similar income		<u>96</u>	<u>110</u>
		874,955	183,441
Interest payable and similar expenses	8	<u>(2,057)</u>	<u>(4,567)</u>
<b>PROFIT BEFORE TAXATION</b>		872,898	178,874
Tax on profit	9	<u>(430,684)</u>	<u>3,148</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		442,214	182,022
<b>OTHER COMPREHENSIVE INCOME</b>			
Gain on revaluation		900,000	425,943
Income tax relating to other comprehensive income		<u>-</u>	<u>-</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		900,000	425,943
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>1,342,214</u>	<u>607,965</u>

The notes form part of these financial statements

**BALANCE SHEET**  
**31 October 2021**

	Notes	2021 £	2020 £
<b>FIXED ASSETS</b>			
Tangible assets	11	1,116,929	1,698,197
Investment property	12	<u>2,900,000</u>	<u>2,000,000</u>
		<u>4,016,929</u>	<u>3,698,197</u>
<b>CURRENT ASSETS</b>			
Stocks	13	1,009,446	853,105
Debtors	14	3,979,589	2,520,779
Cash at bank		<u>247,456</u>	<u>145,915</u>
		<u>5,236,491</u>	<u>3,519,799</u>
<b>CREDITORS</b>			
Amounts falling due within one year	15	<u>(2,944,756)</u>	<u>(2,365,197)</u>
<b>NET CURRENT ASSETS</b>		<u>2,291,735</u>	<u>1,154,602</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>6,308,664</b>	<b>4,852,799</b>
<b>CREDITORS</b>			
Amounts falling due after more than one year	16	<b>(7,622)</b>	<b>(17,971)</b>
<b>PROVISIONS FOR LIABILITIES</b>	19	<b>(224,000)</b>	<b>-</b>
<b>NET ASSETS</b>		<u><b>6,077,042</b></u>	<u><b>4,834,828</b></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	106,376	106,376
Fair value reserve	21	2,216,972	1,316,972
Retained earnings	21	<u>3,753,694</u>	<u>3,411,480</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><b>6,077,042</b></u>	<u><b>4,834,828</b></u>

The financial statements were approved by the Board of Directors and authorised for issue on 23 May 2022 and were signed on its behalf by:

C R F Shield - Director

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 October 2021

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Fair value reserve £</b>	<b>Total equity £</b>
<b>Balance at 1 November 2019</b>	106,376	3,229,458	891,029	4,226,863
<b>Changes in equity</b>				
Total comprehensive income	-	182,022	425,943	607,965
<b>Balance at 31 October 2020</b>	106,376	3,411,480	1,316,972	4,834,828
<b>Changes in equity</b>				
Dividends	-	(100,000)	-	(100,000)
Total comprehensive income	-	442,214	900,000	1,342,214
<b>Balance at 31 October 2021</b>	106,376	3,753,694	2,216,972	6,077,042

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 October 2021

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**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 as modified by the revaluation of certain assets.

The presentation currency of the financial statements is the Pound Sterling (£).

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 paragraph 33.7.

This information is included in the consolidated financial statements of Burrows and Smith Holdings Limited as at 31 October 2021.

**Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**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:

Improvements to 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

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.

**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.

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 October 2021

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2. **ACCOUNTING POLICIES - continued**

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.

**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.

**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.

**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.

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 October 2021

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2. **ACCOUNTING POLICIES - continued**

**Hire purchase contracts**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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 the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**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 charge 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.

**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.

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.

**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:

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 October 2021**

**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 11 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:

	<b>2021</b>	2020
	£	£
United Kingdom	<b>9,830,783</b>	10,013,872
Europe	-	63,947
Rest of the World	<b>701,496</b>	61,367
	<u><b>10,532,279</b></u>	<u>10,139,186</u>

**5. OTHER OPERATING INCOME**

	<b>2021</b>	2020
	£	£
Rents received	<b>157,627</b>	166,292
Government grants	<b>66,509</b>	195,975
	<u><b>224,136</b></u>	<u>362,267</u>

**6. EMPLOYEES AND DIRECTORS**

	<b>2021</b>	2020
	£	£
Wages and salaries	<b>1,660,530</b>	1,769,567
Social security costs	<b>154,006</b>	154,227
Other pension costs	<b>34,659</b>	37,536
	<u><b>1,849,195</b></u>	<u>1,961,330</u>

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

	<b>2021</b>	2020
Production and technical	<b>47</b>	51
Management and administration	<b>17</b>	10
	<u><b>64</b></u>	<u>61</u>

	<b>2021</b>	2020
	£	£
Directors' remuneration	<b>173,862</b>	122,010
Directors' pension contributions to money purchase schemes	<b>2,630</b>	2,628

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 31 October 2021

**7. OPERATING PROFIT**

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

	2021	2020
	£	£
Depreciation - owned assets	532,489	521,899
Depreciation - assets on hire purchase contracts	63,964	55,714
Profit on disposal of fixed assets	(120,308)	(8,650)
Auditors' remuneration	12,315	12,270
Foreign exchange differences	<u>(30,734)</u>	<u>-</u>

**8. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2021	2020
	£	£
HMRC interest	-	182
Hire purchase interest	2,057	4,385
	<u>2,057</u>	<u>4,567</u>

**9. TAXATION****Analysis of the tax charge/(credit)**

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

	2021	2020
	£	£
Current tax:		
UK corporation tax	207,726	74,114
Adjustment to prior years	<u>(4,742)</u>	<u>(25,962)</u>
Total current tax	202,984	48,152
Deferred tax	227,700	(51,300)
Tax on profit	<u>430,684</u>	<u>(3,148)</u>

**Reconciliation of total tax charge/(credit) included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021	2020
	£	£
Profit before tax	<u>872,898</u>	<u>178,874</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	165,851	33,986
Effects of:		
Expenses not deductible for tax purposes	98	-
Income not taxable for tax purposes	5,511	-
Capital allowances in excess of depreciation	-	(11,172)
Depreciation in excess of capital allowances	4,966	-
Adjustments to tax charge in respect of previous periods	<u>(4,742)</u>	<u>(25,962)</u>
Deferred tax on revaluation of properties	259,000	-
Total tax charge/(credit)	<u>430,684</u>	<u>(3,148)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 October 2021

## 9. TAXATION - continued

## Tax effects relating to effects of other comprehensive income

	Gross £	2021 Tax £	Net £
Gain on revaluation	<u>900,000</u>	<u>-</u>	<u>900,000</u>
	Gross £	2020 Tax £	Net £
Gain on revaluation	<u>425,943</u>	<u>-</u>	<u>425,943</u>

## 10. DIVIDENDS

	2021 £	2020 £
Ordinary shares of £1 each Interim	<u>100,000</u>	<u>-</u>

## 11. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>				
At 1 November 2020	12,385,098	506,563	83,744	12,975,405
Additions	-	-	24,185	24,185
Disposals	(118,808)	-	(12,000)	(130,808)
At 31 October 2021	<u>12,266,290</u>	<u>506,563</u>	<u>95,929</u>	<u>12,868,782</u>
<b>DEPRECIATION</b>				
At 1 November 2020	10,722,167	504,940	50,101	11,277,208
Charge for year	582,911	1,623	11,919	596,453
Eliminated on disposal	(118,808)	-	(3,000)	(121,808)
At 31 October 2021	<u>11,186,270</u>	<u>506,563</u>	<u>59,020</u>	<u>11,751,853</u>
<b>NET BOOK VALUE</b>				
At 31 October 2021	<u>1,080,020</u>	<u>-</u>	<u>36,909</u>	<u>1,116,929</u>
At 31 October 2020	<u>1,662,931</u>	<u>1,623</u>	<u>33,643</u>	<u>1,698,197</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 31 October 2021

**11. TANGIBLE FIXED ASSETS - continued**

The net book value of assets held under finance leases or hire purchases contract included above, are as follows

	2021	2020
£	£	
Plant and Machinery	219,881	275,595
Motor Vehicles	<u>24,750</u>	<u>33,000</u>

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

	2021	2020
£	£	
Plant and machinery	55,714	55,714
Motor vehicles	<u>8,250</u>	<u>3,000</u>

**12. INVESTMENT PROPERTY**

	Total £
<b>FAIR VALUE</b>	
At 1 November 2020	2,000,000
Revaluations	<u>900,000</u>
At 31 October 2021	<u>2,900,000</u>
<b>NET BOOK VALUE</b>	
At 31 October 2021	<u>2,900,000</u>
At 31 October 2020	<u>2,000,000</u>

Fair value at 31 October 2021 is represented by:

	£
Valuation in 2021	900,000
Valuation in 2020	425,943
Valuation in 2013	131,529
Valuation in 2007	40,000
Valuation in 2006	657,491
Valuation in 2000	62,009
Cost	<u>683,028</u>
	<u>2,900,000</u>

**13. STOCKS**

	2021 £	2020 £
Raw materials	728,175	847,430
Finished goods	<u>281,271</u>	<u>5,675</u>
	<u>1,009,446</u>	<u>853,105</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 31 October 2021

**14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>1,925,187</b>	1,513,085
Amounts owed by group undertakings	<b>2,041,170</b>	938,336
Other debtors	-	2,034
Directors' current accounts	-	59,827
Deferred tax asset	-	3,700
Prepayments and accrued income	<b>13,232</b>	3,797
	<b><u>3,979,589</u></b>	<b><u>2,520,779</u></b>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Hire purchase contracts (see note 17)	<b>10,349</b>	96,713
Trade creditors	<b>2,503,652</b>	1,968,787
Corporation tax	<b>277,098</b>	74,114
Social security and other taxes	<b>76,200</b>	156,205
Other creditors	<b>12,635</b>	11,618
Accruals and deferred income	<b>64,822</b>	57,760
	<b><u>2,944,756</u></b>	<b><u>2,365,197</u></b>

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Hire purchase contracts (see note 17)	<b><u>7,622</u></b>	<b><u>17,971</u></b>

**17. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	<b>Hire purchase contracts</b>	
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Net obligations repayable:		
Within one year	<b>10,349</b>	96,713
Between one and five years	<b><u>7,622</u></b>	<b><u>17,971</u></b>
	<b><u>17,971</u></b>	<b><u>114,684</u></b>
	<b>Non-cancellable</b>	<b>operating</b>
	<b>2021</b>	<b>leases</b>
	<b>£</b>	<b>2020</b>
Within one year	<b><u>-</u></b>	<b><u>112,208</u></b>

Finance lease payments represent rentals payable by the company for certain tangible fixed assets. Leases include plant and machinery on which capital and interest is payable. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 31 October 2021

**18. SECURED DEBTS**

The following secured debts are included within creditors:

	2021 £	2020 £
Hire purchase contracts	<u>17,971</u>	<u>114,684</u>

The hire purchase contracts are secured on the assets concerned.

**19. PROVISIONS FOR LIABILITIES**

	2021 £	
Deferred tax	<u>224,000</u>	
		Deferred tax
		£
Balance at 1 November 2020		(3,700)
Provided during year		<u>227,700</u>
Balance at 31 October 2021		<u>224,000</u>

**20. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2021 £	2020 £
100,000	Ordinary	£1	100,000	100,000
6,376	Non cumulative preference shares	£1	<u>6,376</u>	6,376
			<u>106,376</u>	<u>106,376</u>

The company's ordinary shares carry full rights with respect to voting, dividends and distributions.

**21. RESERVES****Fair value reserve**

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

**Retained earnings**

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

**22. 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 £34,659 (2020 - £37,536). Contributions totalling £Nil (2020 - £Nil) were payable to the fund at the balance sheet date and are included within creditors.

**23. OTHER FINANCIAL COMMITMENTS**

The company had capital commitments of Nil (2020: £138,450) at the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 31 October 2021

**24. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

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

	2021 £	2020 £
<b>C R F Shield</b>		
Balance outstanding at start of year	59,827	-
Amounts advanced	4,206	66,925
Amounts repaid	(64,033)	(7,098)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>59,827</u>

**25. RELATED PARTY DISCLOSURES**

During the year the company had transactions with the following related companies, all ultimately controlled by C R F Shield:

	2021 £	2020 £
Purchases from Shield Engineering (Syston) Limited	(64,243)	(180,073)
Sales to Shield Engineering (Syston) Limited	68,960	5,514
Amounts due from/(to) Shield Engineering (Syston) Limited	1,874,585	772,153
Sales to G W Atkins & Sons Limited	16,800	2,568
Purchases from G W Atkins & Sons Limited	(9,964)	(9,613)
Amounts due from G W Atkins & Sons Limited	16,968	1,758
Sales to O.L.D Engineering Company Limited	15,375	-
Purchases from O.L.D Engineering Company Limited	(414)	-
Amounts due from/(to) Shield Properties Limited	166,585	166,585
Purchases from Spaw Engineering Limited	(232)	(115)
Amounts due from/(to) Spaw Engineering Limited	-	(138)

Key management personnel consists solely of the directors.

**26. ULTIMATE CONTROLLING PARTY**

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

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