

# **Harrison Castings Limited**

Registered number: 00370237

## **Directors' report and financial statements**

For the year ended 30 June 2020

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**HARRISON CASTINGS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	M A Burton M S Jenney C Kicks L M Webster
<b>Company secretary</b>	C Kicks
<b>Registered number</b>	00370237
<b>Registered office</b>	Gough Road Leicester LE5 4AP
<b>Independent auditor</b>	Mazars LLP Chartered Accountants & Statutory Auditor 6 Dominus Way Meridian Business Park Leicester LE19 1RP
<b>Bankers</b>	Barclays Bank Plc 1-3 Haymarket Towers Humberstone Gate Leicester LE1 1WA  HSBC Plc 2-6 Gallowtree Gate Leicester LE1 1DA

CONTENTS

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	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Notes to the financial statements	11 - 23

**STRATEGIC REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

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**Introduction**

The Company continues to be engaged in business as a non-ferrous metal foundry.

**Group ownership and structure**

During the year under review, the business underwent a management buy-out. The transaction was partially funded using a significant proportion of Company's cash reserves and its freehold property, which has resulted in a marked reduction in the Company's reported net assets.

**Business review**

As previously reported, trading activity for the first half of the year under review experienced a reduction on prior year levels. This, coupled with the downturn created by the pandemic, has resulted in turnover falling to £8,633,883 (2019: £11,816,313). Given the anticipated reduction in activity and in prompt response to the onset of the pandemic, the Board have strategically controlled costs to ensure the business remains profitable for the long term, whilst ensuring it can safely operate as full capacity in a Covid safe environment.

The Directors are pleased to report profit before tax for the year of £587,210 (2019: £590,637) and that they remain optimistic of future profitability given positive post date trading levels.

**Principal risks and uncertainties**

The key risks facing the business continue to be the strong levels of competition in the global market within which it competes and the financial stability of its customer base. The Board are continually assessing these risks on an ongoing basis to ensure they mitigate as far as possible any adverse impact on its own business. As mentioned above, the Board closely monitor the Company's own productivity levels and cost base on an ongoing basis to ensure it remains highly competitive and retains the capability to react and respond quickly to changes in the market. The business is also in ongoing dialogue with all of its current and potential new customers to gain visibility on likely future trading levels.

**Post balance sheet events**

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

**Coronavirus and the COVID-19 pandemic**

The Directors have and are continuing to assess the impact of the outbreak of COVID-19 on all areas of the business. This includes ongoing and continuing discussions with all of the business' internal and external key stakeholders. As part of the process, the Directors have been assessing the likely trading levels of the Company for the foreseeable future and evaluating if the business has adequate financial and non-financial resources available to continue to trade profitably, without significant disruption, and meet its liabilities as and when they fall due.

**Going concern**

The Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. The key potential source of uncertainty noted by the Directors is the Coronavirus and COVID-19 pandemic. However at the date of this report it is not possible to reliably determine the effects that these developments will have on the Company. Accordingly the Directors have continued to prepare the financial statements on the going concern basis.

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**HARRISON CASTINGS LIMITED**

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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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

**M S Jenney**

Director

Date: 28 May 2021

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

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The Directors present their report and the financial statements for the year ended 30 June 2020.

**Directors' responsibilities statement**

The Directors are responsible for preparing the strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 ("FRS 102") 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 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 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 to 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.

**Results and dividends**

The profit for the year, after taxation, amounted to £858,878 (2019 - £614,967).

A dividend of £6,065,738 (2019: £Nil) was declared for the year which was wholly used to help fund the management buy out outlined in the strategic report.

**Directors**

The Directors who served during the year were:

M A Burton  
M S Jenney  
C Kicks  
L M Webster  
R C Harrison (resigned 30 August 2019)  
P R Harrison (resigned 30 August 2019)

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**HARRISON CASTINGS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2020**

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**Disclosure of information to auditor**

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director 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.

**Auditor**

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

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

**C Kicks**

Director

Date: 28 May 2021

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARRISON CASTINGS LIMITED**

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**Opinion**

We have audited the financial statements of Harrison Castings Limited (the 'Company') for the year ended 30 June 2020 which comprise the statement of comprehensive income, the statement of financial position, the 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 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 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARRISON CASTINGS LIMITED**

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**Other information**

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

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

We have nothing to report in this regard.

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

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

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

**Matters on which we are required to report by exception**

In 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 Directors' Report.

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 Directors' 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 HARRISON CASTINGS LIMITED**

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**Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement set out on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

**Use of the audit 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 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.

Stephen English (Senior Statutory Auditor)

for and on behalf of;

Mazars LLP

Chartered Accountants and Statutory Auditor

6 Dominus Way

Meridian Business Park

Leicester

LE19 1RP

28 May 2021

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2020**

	<b>Note</b>	<b>2020 £</b>	<b>2019 £</b>
<b>Turnover</b>	<b>4</b>	8,633,883	11,816,313
Change in stocks of finished goods and work in progress		(124,110)	(104,951)
Raw materials and consumables		(4,058,773)	(5,960,806)
Other external charges		(1,314,507)	(1,539,091)
Staff costs	<b>7</b>	(2,319,739)	(3,429,119)
Depreciation and profit on sale of fixed assets		(208,150)	(199,523)
<b>Operating profit</b>	<b>5</b>	608,604	582,823
Interest receivable and similar income	<b>9</b>	2,463	7,814
Interest payable and expenses	<b>10</b>	(23,857)	-
<b>Profit before tax</b>		587,210	590,637
Tax on profit	<b>11</b>	271,668	24,330
<b>Profit for the financial year</b>		<u>858,878</u>	<u>614,967</u>

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 11 to 23 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	13	522,199	3,282,659
Investments	14	15,100	15,100
		<u>537,299</u>	<u>3,297,759</u>
<b>Current assets</b>			
Stocks	15	738,837	899,113
Debtors	16	2,169,340	2,663,570
Cash at bank and in hand		152,450	2,138,024
		<u>3,060,627</u>	<u>5,700,707</u>
Creditors: amounts falling due within one year	17	(2,195,738)	(2,120,330)
<b>Net current assets</b>		<u>864,889</u>	<u>3,580,377</u>
<b>Total assets less current liabilities</b>		<u>1,402,188</u>	<u>6,878,136</u>
<b>Provisions for liabilities</b>			
Deferred tax	18	(27,666)	(296,754)
		<u>(27,666)</u>	<u>(296,754)</u>
<b>Net assets</b>		<u><u>1,374,522</u></u>	<u><u>6,581,382</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	250,000	250,000
Revaluation reserve	20	-	1,797,307
Profit and loss account	20	1,124,522	4,534,075
		<u><u>1,374,522</u></u>	<u><u>6,581,382</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 May 2021.

**M S Jenney**  
Director

**C Kicks**  
Director

The notes on pages 11 to 23 form part of these financial statements.

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**HARRISON CASTINGS LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2020**

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	<b>Called up share capital</b>	<b>Revaluation reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 July 2019	250,000	1,797,307	4,534,075	6,581,382
Profit for the year	-	-	858,878	858,878
Dividends	-	-	(6,065,738)	(6,065,738)
Transfer on disposal of property	-	(1,797,307)	1,797,307	-
<b>At 30 June 2020</b>	<u>250,000</u>	<u>-</u>	<u>1,124,522</u>	<u>1,374,522</u>

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2019**

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	<b>Called up share capital</b>	<b>Revaluation reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 July 2018	250,000	1,797,307	3,919,108	5,966,415
Profit for the year	-	-	614,967	614,967
<b>At 30 June 2019</b>	<u>250,000</u>	<u>1,797,307</u>	<u>4,534,075</u>	<u>6,581,382</u>

The notes on pages 11 to 23 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

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**1. General information**

Harrison Castings Limited is a private company, limited by shares, incorporated in England and Wales. The Company's registered number is 00370237. The address of its registered office is Gough Road, Leicester, LE5 4AP.

The principal activity of the Company during the year continued to be that of a non-ferrous metal foundry.

The financial statements have been presented in Pounds Sterling (£) as this is currency of the primary economic environment in which the Company operates and is rounded to the nearest pound.

**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 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 Financial reporting standard 102 - reduced disclosure exemptions**

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Harrison Castings Holdings Limited as at 30 June 2020 and these financial statements may be obtained from Companies House.

**2.3 Exemption from preparing consolidated financial statements**

The Company has taken advantage of Section 400 of the Companies Act 2006 to be exempt from preparing group accounts on the grounds that it is included in the consolidated financial statements of Harrison Castings Holdings Limited, incorporated in England and Wales. The information is therefore presented as an individual company and not its group.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

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**2. Accounting policies (continued)**

**2.4 Going concern**

The Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. The key potential source of uncertainty noted by the Directors is the Coronavirus and COVID-19 pandemic. However at the date of this report it is not possible to reliably determine the effects that these developments will have on the Company. Accordingly the Directors have continued to prepare the financial statements on the going concern basis.

**2.5 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. Turnover is recognised when goods are dispatched and legal title has passed and the Company has no continuing managerial involvement associated with ownership nor effective control of the goods sold.

**2.6 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**2.7 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as other creditors.

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

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**2. Accounting policies (continued)**

**2.8 Pensions**

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 statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

**2.9 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, 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 reporting date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that deferred tax balances are not recognised in respect of permanent differences.

**2.10 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost, or valuation, 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 or valuation of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following annual basis:

Freehold property	-	50 years
Freehold land	-	Not depreciated
Plant and machinery	-	10 years
Motor vehicles	-	Between 3 and 5 years
Fixtures and fittings	-	Between 4 and 10 years

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 statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

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**2. Accounting policies (continued)**

**2.11 Revaluation of tangible fixed assets**

Revaluation gains and losses are recognised in the statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

**2.12 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.13 Stocks and work in progress**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.14 Debtors**

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

**2.15 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.

**2.16 Creditors**

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

**2.17 Financial instruments**

The Company only enters into basic financial instrument 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, loans to related parties and investments in ordinary shares.

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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

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**2. Accounting policies (continued)****2.18 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Key judgements in applying the entity's accounting policies

None

(b) Key accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Calculation of the cost and net realisable value of stocks

The Company makes an estimate of the cost and net realisable value of stocks. This has been outlined at note 2.13.

**4. Turnover**

Analysis of turnover by country of destination:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
United Kingdom	6,618,622	9,181,471
Rest of the world	2,015,261	2,634,842
	<u>8,633,883</u>	<u>11,816,313</u>

Overseas turnover relates to sales made to Sweden, Germany, the Czech Republic and the USA.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

**5. Operating profit**

The operating profit is stated after charging:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	209,533	215,327
Profit on sale of tangible fixed assets	(1,383)	(15,804)
Operating lease rentals	202,683	-
Research and development expenditure	<u>189,420</u>	<u>-</u>

**6. Auditor's remuneration**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>9,750</u>	<u>11,730</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

**7. Employees**

Staff costs, including Directors' remuneration, were as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,057,858	3,028,041
Social security costs	176,779	286,279
Cost of defined contribution scheme	85,102	114,799
	<u>2,319,739</u>	<u>3,429,119</u>

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

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Production	79	104
Administration	10	12
	<u>89</u>	<u>116</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

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**8. Directors' remuneration**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	322,476	532,235
Company contributions to defined contribution pension schemes	41,166	66,087
	<u>363,642</u>	<u>598,322</u>

During the year retirement benefits were accruing to 5 Directors (2019 - 5) in respect of defined contribution pension schemes.

The highest paid Director received remuneration, excluding pension, of £93,427 (2019 - £113,204).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £9,202 (2019 - £8,977).

**9. Interest receivable**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank interest receivable	2,463	7,814
	<u>2,463</u>	<u>7,814</u>

**10. Interest payable and similar expenses**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Invoice discounting charges	23,857	-
	<u>23,857</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**


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**11. Taxation**

	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
<b>Corporation tax</b>		
Current tax on profits for the year	68,825	119,997
Adjustments in respect of previous periods	(71,405)	(146,496)
	<u>(2,580)</u>	<u>(26,499)</u>
	<u>(2,580)</u>	<u>(26,499)</u>
<b>Total current tax</b>	<u>(2,580)</u>	<u>(26,499)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(269,088)	2,169
	<u>(269,088)</u>	<u>2,169</u>
<b>Total deferred tax</b>	<u>(269,088)</u>	<u>2,169</u>
	<u>(271,668)</u>	<u>(24,330)</u>
<b>Taxation on loss on ordinary activities</b>	<u>(271,668)</u>	<u>(24,330)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
Profit on ordinary activities before tax	<u>587,210</u>	<u>590,637</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	111,570	112,221
<b>Effects of:</b>		
Expenses not deductible for tax purposes	1,593	10,424
Adjustments to current tax charge in respect of prior periods	(71,405)	(146,496)
Other timing differences	(50,812)	(479)
Release of deferred tax on revaluation	(240,000)	-
Group relief	(22,614)	-
	<u>(271,668)</u>	<u>(24,330)</u>
<b>Total tax charge for the year</b>	<u>(271,668)</u>	<u>(24,330)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**
**11. Taxation (continued)****Factors that may affect future tax charges**

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%

**12. Dividends**

	2020 £	2019 £
Ordinary A dividends	<u>6,065,738</u>	<u>-</u>

**13. Tangible fixed assets**

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>					
At 1 July 2019	2,826,748	4,244,921	236,377	337,974	7,646,020
Additions	49,275	2,143	-	23,394	74,812
Disposals	(2,876,023)	-	-	(12,008)	(2,888,031)
At 30 June 2020	<u>-</u>	<u>4,247,064</u>	<u>236,377</u>	<u>349,360</u>	<u>4,832,801</u>
<b>Depreciation</b>					
At 1 July 2019	250,285	3,733,901	145,675	233,500	4,363,361
Charge for the year	-	155,637	25,493	28,403	209,533
Disposals	(250,285)	-	-	(12,007)	(262,292)
At 30 June 2020	<u>-</u>	<u>3,889,538</u>	<u>171,168</u>	<u>249,896</u>	<u>4,310,602</u>
<b>Net book value</b>					
At 30 June 2020	<u>-</u>	<u>357,526</u>	<u>65,209</u>	<u>99,464</u>	<u>522,199</u>
<b>At 30 June 2019</b>	<u>2,576,463</u>	<u>511,020</u>	<u>90,702</u>	<u>104,474</u>	<u>3,282,659</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020

14. Fixed asset investments

	Investments in subsidiary undertakings £
<b>Cost</b>	
At 1 July 2019	15,100
At 30 June 2020	<u>15,100</u>

The Company owns the whole of the issued ordinary share capital of both W.& T.Jackson & Co,Limited and R. C. Harrison & Sons Limited. Both subsidiary undertakings are registered in England and Wales and neither traded during the year.

The aggregate capital and reserves at 30 June 2020 was £100 for R. C. Harrison & Sons Limited and £15,000 for W.& T.Jackson & Co,Limited.

The registered office of the subsidiary undertakings is the same as Harrison Castings Limited.

15. Stocks

	2020 £	2019 £
Raw materials and consumables	208,734	244,900
Work in progress (goods to be sold) and finished goods	530,103	654,213
	<u>738,837</u>	<u>899,113</u>

16. Debtors

	2020 £	2019 £
Trade debtors	1,558,706	2,373,948
Amounts owed by group undertakings	418,536	-
Prepayments and accrued income	192,098	289,622
	<u>2,169,340</u>	<u>2,663,570</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

**17. Creditors: amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Invoice discounting facility	716,349	-
Trade creditors	876,615	1,357,063
Amounts owed to group undertakings	15,100	15,100
Corporation tax	65,350	119,997
Other taxation and social security	298,842	264,622
Other creditors	11,650	14,567
Accruals and deferred income	211,832	348,981
	<u>2,195,738</u>	<u>2,120,330</u>

The invoice discounting facility is secured on the book debts and other assets of the Company.

**18. Deferred taxation**

	<b>2020</b>
	<b>£</b>
At beginning of year	(296,754)
Charged to profit or loss	269,088
<b>At end of year</b>	<u>(27,666)</u>

The provision for deferred taxation is made up as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Attributable to revaluation gains	-	(240,000)
Accelerated capital allowances	(33,066)	(57,353)
Other timing differences	5,400	599
	<u>(27,666)</u>	<u>(296,754)</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

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**19. Share capital**

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
250,000 (2019 - 250,000) Ordinary A shares of £0.67 each	167,500	167,500
250,000 (2019 - 250,000) Ordinary B shares of £0.33 each	82,500	82,500
	<hr/>	<hr/>
	<u>250,000</u>	<u>250,000</u>

All shares rank pari passu.

**20. Reserves****Revaluation reserve**

The revaluation reserve represented a non-distributable reserve. During the year the property was sold and therefore the gain recognised and released.

**Profit and loss account**

The profit and loss account represents cumulative profits and losses of the Company.

**21. Contingent liabilities**

The Company is party to a cross guarantee relating to the group's total bank borrowing. At 30 June 2020, net borrowings of £2,651,954 (2019 - £Nil) were covered by this guarantee and the Company's assets were pledged as security.

The Company is party to a cross guarantee relating to the group's total loan notes. At 30 June 2020, loan notes of £500,000 (2019 - £Nil) were covered by this guarantee and the Company's assets were pledged as security.

**22. 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 £85,102 (2019 - £114,799). Contributions totalling £9,347 (2019 - £11,141) were payable to the fund at the reporting date and are included in creditors.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

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**23. Commitments under operating leases**

At 30 June 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	203,800	-
Later than 1 year and not later than 5 years	815,200	-
Later than 5 years	815,200	-
	<u>1,834,200</u>	<u>-</u>

**24. Related party transactions**

The Company has taken advantage of the exemption conferred by FRS102 Section 33 "Related Party Disclosures" not to disclose transactions with other Group entities who's voting rights are 100% controlled within the Group.

The Directors consider there to be no key management personnel, other than the Directors whose remuneration has been disclosed in note 8.

During the year the Company transferred its freehold property at book value to Gough Road Properties Limited, a company in which R C Harrison and P R Harrison are Directors of, by way of a dividend in specie.

During the year the Company incurred rental costs of £202,683 (2019 - £Nil) from Gough Road Properties Limited.

**25. Immediate and ultimate parent undertaking**

The immediate parent undertaking of the Company is HC 2019 Limited, a company incorporated in England and Wales.

The ultimate parent undertaking of the Company is Harrison Castings Holdings Limited, a company incorporated in England and Wales.

The parent undertaking of the smallest and largest group in which the Company is consolidated is Harrison Castings Holdings Limited. Copies of the consolidated financial statements can be obtained from Companies House, Crown Way, Maindy, Cardiff.

**26. Ultimate controlling party**

M S Jenney is deemed to be the ultimate controlling party by virtue of his controlling shareholding in Harrison Castings Holdings Limited



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