

**T.W. ENGINEERING COMPANY LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 OCTOBER 2016**

THURSDAY



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# **T.W. ENGINEERING COMPANY LIMITED**

## **COMPANY INFORMATION**

<b>Directors</b>	H C Downs (Chairman) FCCA S A Lowater ACMA & CGMA J R Downs FCCA E C H Downs (appointed 14 December 2015)
<b>Company secretary</b>	S A Lowater ACMA & CGMA
<b>Registered number</b>	00673817
<b>Registered office</b>	Angular House Eagle Road Quarry Hill Industrial Park Ilkeston Derbyshire DE7 4RB
<b>Independent auditors</b>	Smith Cooper Limited Chartered Accountants and Statutory Auditors 2 Lace Market Square Nottingham NG1 1PB

# **T.W. ENGINEERING COMPANY LIMITED**

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# **T.W. ENGINEERING COMPANY LIMITED**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2016**

### **Introduction**

We aim to present a balanced and broad review of the performance and development of our business during the year and its position at year end. Our review is consistent with the size and nature of our business and is written in the context of the normal risks and uncertainties we face.

### **Business review**

As a manufacturer and distributor, the company continues to make and deliver a vast range of Hand Tools, Power Tools & Consumables alongside Precision Engineered and Woodworked Parts to a wide range of Utility Companies in the UK.

There have been no fundamental changes in the business during the year or significant matters to report.

We consider that our key financial indicators are those that communicate the financial performance and strength of the company as a whole - these being turnover, cost of sales, and administrative expenses.

The year ended 31 October 2016, once again saw an increase in turnover compared to the previous year. The major reasons for this are the increased turnover of our top customers by offering more products to add to their portfolio along with added value from the Sales team gaining new business.

Whilst many sectors continued to struggle, our very stable position with experienced staff and our continued investments in new premises ensured that we continue to grow and deliver valued services to our customers. Costs were broadly in line with expectations. The protracted period of economic challenges are set to continue and market risks and uncertainties are still an important factor to be taken into account in the future development of the business.

### **Principal risks and uncertainties**

The Directors regularly evaluate the risks to which the company is exposed. The principal risks and uncertainties facing the Company are broadly grouped as – competitive and financial instrument risk.

Competitive Risks are no different to many other businesses. Generating new business from both existing and new customers is important as well as ensuring existing contracts, which are subject to periodic tender are secured.

Financial Instrument risk - Exposure to price and credit risk

Price risk arises on financial instruments because of changes in commodity prices, particularly those purchased in foreign currencies. We have received an extra challenge this year with regards to Brexit whereby the majority of our suppliers costs have risen, so far we have been able to absorb these rather than passing on to our customers.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Overall the company adopts a prudent attitude to risk and has adequate cash reserves to ensure that any risks faced can be managed.

This report was approved by the board on



6TH APRIL 2017

and signed on its behalf.

**H C Downs (Chairman) FCCA**  
Director

# **T.W. ENGINEERING COMPANY LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2016**

The directors present their report and the financial statements for the year ended 31 October 2016.

### **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 '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 judgments 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.

### **Results and dividends**

The profit for the year, after taxation, amounted to £811,795 (2015 - £684,249).

Dividends of £250,009 (2015 - £250,009) were paid in the year.

### **Directors**

The directors who served during the year were:

H C Downs (Chairman) FCCA  
S A Lowater ACMA & CGMA  
J R Downs FCCA  
E C H Downs (appointed 14 December 2015)

### **Disclosure of information to auditors**

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 auditors are 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 auditors are aware of that information.

### **Post balance sheet events**

Since the year end dividends totalling £300,000 have been paid. There have been no other significant events affecting the company since the year end.

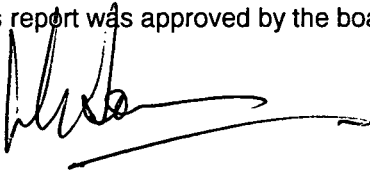
**T.W. ENGINEERING COMPANY LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 OCTOBER 2016**

**Auditors**

The auditors, Smith Cooper Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on **6TH APRIL 2017** and signed on its behalf.

A handwritten signature in black ink, appearing to read 'H C Downs', with a long horizontal flourish extending to the right.

H C Downs (Chairman) FCCA  
Director

## **T.W. ENGINEERING COMPANY LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF T.W. ENGINEERING COMPANY LIMITED**

We have audited the financial statements of T.W. Engineering Company Limited for the year ended 31 October 2016, set out on pages 6 to 21. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the 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'.

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 Auditors' 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.

#### **Respective responsibilities of Directors and Auditors**

As explained more fully in the Directors' responsibilities statement 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2016 and of its profit or 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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 those financial statements.

**T.W. ENGINEERING COMPANY LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF T.W. ENGINEERING COMPANY LIMITED (CONTINUED)**

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

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.

*Smith Cooper Limited*

Sarah Flear (Senior statutory auditor)  
for and on behalf of

**Smith Cooper Limited**

Chartered Accountants and Statutory Auditors

2 Lace Market Square

Nottingham

NG1 1PB

Date: 13/4/17.



**T.W. ENGINEERING COMPANY LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 OCTOBER 2016**

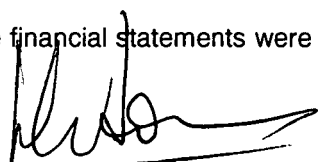
	Note	2016 £	2015 £
Turnover	2	12,731,720	11,982,155
Cost of sales		(10,245,758)	(9,786,603)
<b>Gross profit</b>		<u>2,485,962</u>	<u>2,195,552</u>
Administrative expenses		(1,463,596)	(1,334,381)
<b>Operating profit</b>	3	<u>1,022,366</u>	<u>861,171</u>
Interest receivable and similar income	7	3,942	3,507
Interest payable and expenses	8	(1,671)	(1,611)
<b>Profit before tax</b>		<u>1,024,637</u>	<u>863,067</u>
Tax on profit	9	(212,842)	(178,818)
<b>Profit for the year</b>		<u><u>811,795</u></u>	<u><u>684,249</u></u>
<b>Total comprehensive income for the year</b>		<u><u>811,795</u></u>	<u><u>684,249</u></u>

**T.W. ENGINEERING COMPANY LIMITED**  
**REGISTERED NUMBER: 00673817**

**BALANCE SHEET**  
**AS AT 31 OCTOBER 2016**

	Note	2016 £	2016 £	2015 £	2015 £
<b>Fixed assets</b>					
Tangible assets	11		1,155,381		1,070,416
Investments	12		2		2
			<u>1,155,383</u>		<u>1,070,418</u>
<b>Current assets</b>					
Stocks	13	1,175,144		785,987	
Debtors: amounts falling due within one year	14	1,660,038		2,024,858	
Cash at bank and in hand	15	2,422,732		2,318,763	
		<u>5,257,914</u>		<u>5,129,608</u>	
Creditors: amounts falling due within one year	16	(1,292,051)		(1,641,989)	
		<u></u>		<u></u>	
<b>Net current assets</b>			3,965,863		3,487,619
<b>Total assets less current liabilities</b>			<u>5,121,246</u>		<u>4,558,037</u>
<b>Provisions for liabilities</b>					
Deferred taxation	18	(26,138)		(24,715)	
		<u></u>		<u></u>	
			(26,138)		(24,715)
<b>Net assets</b>			<u>5,095,108</u>		<u>4,533,322</u>
<b>Capital and reserves</b>					
Called up share capital	19		2,500		2,500
Profit and loss account	20		5,092,608		4,530,822
			<u>5,095,108</u>		<u>4,533,322</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6/4/17



H C Downs (Chairman) FCCA  
 Director

The notes on pages 10 to 21 form part of these financial statements.

**T.W. ENGINEERING COMPANY LIMITED**

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

	Called up share capital £	Profit and loss account £	Total equity £
At 1 November 2015	2,500	4,530,822	4,533,322
<b>Comprehensive income for the year</b>			
Profit for the year	-	811,795	811,795
<b>Total comprehensive income for the year</b>	-	811,795	811,795
Dividends: Equity capital	-	(250,009)	(250,009)
<b>Total transactions with owners</b>	-	(250,009)	(250,009)
<b>At 31 October 2016</b>	2,500	5,092,608	5,095,108

**T.W. ENGINEERING COMPANY LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 OCTOBER 2016**

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	811,795	684,249
<b>Adjustments for:</b>		
Depreciation of tangible assets	102,478	105,369
Loss on disposal of tangible assets	(9,450)	(15,537)
Interest paid	1,671	1,611
Interest received	(3,942)	(3,507)
Taxation charge	212,842	178,818
(Increase) in stocks	(389,157)	(169,669)
Decrease in debtors	364,822	700,614
(Decrease) in creditors	(382,540)	(152,567)
Corporation tax (paid)	(178,819)	(166,699)
<b>Net cash generated from operating activities</b>	<u>529,700</u>	<u>1,162,682</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(192,443)	(273,836)
Sale of tangible fixed assets	14,450	15,537
Interest received	3,942	3,507
<b>Net cash from investing activities</b>	<u>(174,051)</u>	<u>(254,792)</u>
<b>Cash flows from financing activities</b>		
Dividends paid	(250,009)	(250,009)
Interest paid	(1,671)	(1,611)
<b>Net cash used in financing activities</b>	<u>(251,680)</u>	<u>(251,620)</u>
<b>Net increase in cash and cash equivalents</b>	<u>103,969</u>	<u>656,270</u>
Cash and cash equivalents at beginning of year	2,318,763	1,662,493
<b>Cash and cash equivalents at the end of year</b>	<u><u>2,422,732</u></u>	<u><u>2,318,763</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<u>2,422,732</u>	<u>2,318,763</u>
	<u><u>2,422,732</u></u>	<u><u>2,318,763</u></u>

## **T.W. ENGINEERING COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016**

#### **1. Accounting policies**

##### **1.1 Basis of preparation of financial statements**

T.W. Engineering Limited is a private company limited by shares incorporated in England, United Kingdom. The address of the registered office is given in the company information page of these financial statements. The nature of the company's operations and principal activities are given in the Directors' Report.

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The financial statements are prepared in Sterling which is the functional currency of the company.

The company transitioned from previously extant UK GAAP to FRS 102 as at 1 November 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in the notes to the accounts.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

##### **1.2 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. This is usually on the despatch of goods to the customer. The following criteria must also be met before revenue is recognised:

###### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### **1.3 Tangible fixed assets**

Tangible fixed assets are stated at 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.

## **T.W. ENGINEERING COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016**

#### **1. Accounting policies (continued)**

##### **1.3 Tangible fixed assets (continued)**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may be affected.

Depreciation is provided on the following basis:

Land	- Not depreciated
Freehold buildings	- 2.5% straight line basis
Plant & machinery	- 12.5% straight line basis
Motor vehicles	- 20% straight line basis
Fixtures & fittings	- 10% and 33.33% straight line basis

##### **1.4 Valuation of investments**

Investments held as fixed assets are shown at cost less provision for impairment.

##### **1.5 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet 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.

##### **1.6 Short term debtors and creditors**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

##### **1.7 Foreign currency translation**

Transactions denominated in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities are translated at year end exchange rates. All exchange differences are included in the Profit and loss account.

##### **1.8 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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

## **T.W. ENGINEERING COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016**

#### **1. Accounting policies (continued)**

##### **1.9 Pensions**

###### **Defined contribution pension plan**

The company operates a defined contribution pension scheme and contributions to the scheme are recognised in the profit and loss account in the period in which they become payable.

##### **1.10 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, unless it relates to items in other comprehensive income or directly in equity. In such cases, the related tax is also recognised other comprehensive income or directly in equity.

Current tax liabilities are measured at the amount expected to be paid, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method and is calculated using rates of taxation enacted or substantively enacted at the balance sheet date which are expected to apply when the asset or liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

#### **2. Turnover**

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Sale of goods	12,731,720	11,982,155
	<u>12,731,720</u>	<u>11,982,155</u>

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	12,731,720	11,982,155
	<u>12,731,720</u>	<u>11,982,155</u>

**T.W. ENGINEERING COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2016**

**3. Operating profit**

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	102,478	105,369
Exchange differences	(2,570)	-
Defined contribution pension cost	155,000	145,000
	<u>155,000</u>	<u>145,000</u>

**4. Auditors' remuneration**

	2016 £	2015 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	8,709	7,460
<b>Fees payable to the company's auditor and its associates in respect of:</b>		
All other services	1,500	1,842
	<u>1,500</u>	<u>1,842</u>

**5. Employees**

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

	2016 £	2015 £
Wages and salaries	1,162,712	1,089,920
Social security costs	119,439	108,431
Cost of defined contribution scheme	155,000	145,000
	<u>1,437,151</u>	<u>1,343,351</u>

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

	2016 No.	2015 No.
Directors	4	3
Factory staff	15	16
Office staff	13	14
	<u>32</u>	<u>33</u>



**T.W. ENGINEERING COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2016**

**6. Directors' remuneration**

	2016 £	2015 £
Directors' emoluments	549,350	410,811
Company contributions to defined contribution pension schemes	120,000	70,000
	<u>669,350</u>	<u>480,811</u>

During the year retirement benefits were accruing to 3 directors (2015 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £192,511 (2015 - £198,686).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2015 - £NIL).

**7. Interest receivable**

	2016 £	2015 £
Other interest receivable	3,942	3,507
	<u>3,942</u>	<u>3,507</u>

**8. Interest payable and similar charges**

	2016 £	2015 £
Other loan interest payable	1,671	1,611
	<u>1,671</u>	<u>1,611</u>

**T.W. ENGINEERING COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2016**

**9. Taxation**

	2016 £	2015 £
<b>Corporation tax</b>		
Current tax on profits for the year	211,419	178,818
<b>Total current tax</b>	<u>211,419</u>	<u>178,818</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,423	-
<b>Total deferred tax</b>	<u>1,423</u>	<u>-</u>
<b>Taxation on profit on ordinary activities</b>	<u>212,842</u>	<u>178,818</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>1,024,637</u>	<u>863,067</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	204,927	172,613
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(30)	(782)
Capital allowances for year in excess of depreciation	6,522	3,991
Rate changes	-	3,638
Marginal relief	-	(642)
Deferred tax movement	1,423	-
<b>Total tax charge for the year</b>	<u>212,842</u>	<u>178,818</u>

**10. Dividends**

	2016 £	2015 £
Dividends paid on equity capital	250,009	250,009
	<u>250,009</u>	<u>250,009</u>

**T.W. ENGINEERING COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2016**

**11. Tangible fixed assets**

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
<b>Cost or valuation</b>					
At 1 November 2015	968,484	249,843	268,344	202,226	1,688,897
Additions	129,761	19,000	27,816	15,866	192,443
Disposals	-	(44,600)	(25,000)	-	(69,600)
At 31 October 2016	1,098,245	224,243	271,160	218,092	1,811,740
<b>Depreciation</b>					
At 1 November 2015	102,822	241,091	159,373	115,195	618,481
Charge for the period on owned assets	23,002	4,402	43,967	31,107	102,478
Disposals	-	(44,600)	(20,000)	-	(64,600)
At 31 October 2016	125,824	200,893	183,340	146,302	656,359
<b>Net book value</b>					
At 31 October 2016	972,421	23,350	87,820	71,790	1,155,381
At 31 October 2015	865,663	8,752	108,971	87,031	1,070,417

The net book value of land and buildings may be further analysed as follows:

	2016 £	2015 £
Freehold	972,421	865,662
	<u>972,421</u>	<u>865,662</u>

# T.W. ENGINEERING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

### 12. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 November 2015	2
At 31 October 2016	2
<b>Net book value</b>	
At 31 October 2016	2
At 31 October 2015	2

### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
T. W. Tools Limited	Ordinary	100 %	Dormant

The aggregate of the share capital and reserves as at 31 October 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £
T. W. Tools Limited	2
	2

T. W. Tools Limited has generated zero profit or loss in 2016 and 2015 as it is a dormant subsidiary.

### 13. Stocks

	2016 £	2015 £
Work in progress (goods to be sold)	56,050	1,008
Finished goods and goods for resale	1,119,094	784,979
	1,175,144	785,987

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**14. Debtors**

	2016 £	2015 £
Trade debtors	1,620,313	1,992,767
Other debtors	150	-
Prepayments and accrued income	39,575	32,091
	<u>1,660,038</u>	<u>2,024,858</u>

**15. Cash and cash equivalents**

	2016 £	2015 £
Cash at bank and in hand	2,422,732	2,318,763
	<u>2,422,732</u>	<u>2,318,763</u>

**16. Creditors: Amounts falling due within one year**

	2016 £	2015 £
Trade creditors	597,734	767,396
Corporation tax	211,419	178,818
Other taxation and social security	147,922	82,400
Other creditors	1,083	401
Accruals and deferred income	333,893	612,974
	<u>1,292,051</u>	<u>1,641,989</u>

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**17. Financial instruments**

	2016 £	2015 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	4,043,195	4,311,531
	<u>4,043,195</u>	<u>4,311,531</u>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	(932,710)	(1,380,771)
	<u>(932,710)</u>	<u>(1,380,771)</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

**18. Deferred taxation**

	2016 £	2015 £
At beginning of year	24,715	24,715
Charged to profit or loss	1,423	-
<b>At end of year</b>	<u>26,138</u>	<u>24,715</u>

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	26,556	25,043
Short term timing differences	(418)	(328)
	<u>(26,138)</u>	<u>(24,715)</u>
<b>Comprising:</b>		
Liability	(26,138)	(24,715)
	<u>(26,138)</u>	<u>(24,715)</u>

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**19. Share capital**

	2016 £	2015 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
2,500 Ordinary shares of £1 each	2,500	2,500
	<u>2,500</u>	<u>2,500</u>

**20. Reserves**

**Profit & loss account**

The profit and loss account represents cumulative profits and losses, net of dividends.

**21. Capital commitments**

At 31 October 2016 the company had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	-	26,602
	<u>-</u>	<u>26,602</u>

**22. Pension commitments**

The company operates a defined contributions pension scheme. The pension cost charge represents contributions payable by the company to the fund and amounted to £155,000 (2015 - £145,000).

Contributions totalling £2,091 (2015 - £1,639) were payable to the fund at the balance sheet date and are included in creditors.

**23. Related party transactions**

During the year the following dividends were paid for the benefit of the directors of the company:

- £250,009 (2015 - £250,009) in respect of £1 ordinary shares.

All the directors and management of the company who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total remuneration, including benefits in kind, in respect of these individuals is £794,952 (2015 - £599,001).

**24. Post balance sheet events**

Since the year end dividends of £300,010 have been paid.

**25. Controlling party**

The company is under the control of H C Downs due to his majority shareholding in the company.

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**26. First time adoption of FRS 102**

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.