

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

### **Abbreviated accounts**

**for the year ended 31 October 2013**

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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
<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**

## **Directors' report for the year ended 31 October 2013**

The directors present their report and the financial statements for the year ended 31 October 2013

### **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 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 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**

The profit for the year, after taxation, amounted to £350,852 (2012 - £290,328)

### **Directors**

The directors who served during the year were

H C Downs (Chairman) FCCA  
S A Lowater ACMA & CGMA  
J R Downs FCCA

### **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 that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that 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.

**T.W ENGINEERING COMPANY LIMITED**

**Directors' report  
for the year ended 31 October 2013**

**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 9<sup>th</sup> May 2014 and signed on its behalf

A handwritten signature in black ink, appearing to read 'H C Downs', followed by a horizontal line.

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

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

## **Strategic report for the year ended 31 October 2013**

### **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.

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.

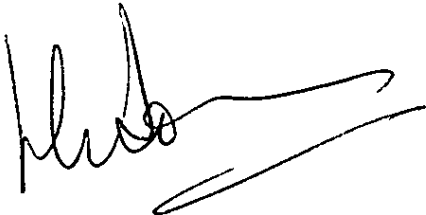
We consider that our key financial indicators are those that communicate the financial performance and strength of the company as a whole – these being turnover, cost of sales, and administrative expenses.

2012 / 2013 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 an increased Sales team to gain entry into new markets.

Whilst many sectors continued to struggle, our very stable position with experienced staff and our investments in new premises ensured that we continued 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.

This report was approved by the board on 9<sup>th</sup> May 2014 and signed on its behalf

A handwritten signature in black ink, appearing to be 'H. H. H.', with a long horizontal stroke extending to the right.

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

### **Independent auditors' report to T.W Engineering Company Limited under section 449 of the Companies Act 2006**

We have examined the abbreviated accounts set out on pages 5 to 16, together with the financial statements of T W Engineering Company Limited for the year ended 31 October 2013 prepared under section 396 of the Companies Act 2006

This report is made solely to the company in accordance with section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

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

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated accounts on pages 5 to 16 have been properly prepared in accordance with the regulations made under that section.

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

9 May 2014

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

## **Abbreviated profit and loss account for the year ended 31 October 2013**

	Note	2013 £	2012 £
<b>TURNOVER</b>	1	9,520,714	7,612,454
<b>GROSS PROFIT</b>		1,636,877	1,329,234
Administrative expenses		(1,169,099)	(959,303)
<b>OPERATING PROFIT</b>	2	467,778	369,931
Interest receivable and similar income		4,365	3,057
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		472,143	372,988
Tax on profit on ordinary activities	5	(121,291)	(82,660)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	13	350,852	290,328

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account

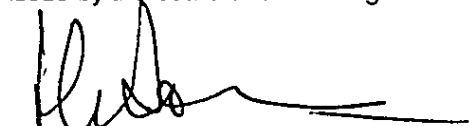
The notes on pages 8 to 16 form part of these financial statements

**T.W. ENGINEERING COMPANY LIMITED**  
**Registered number: 00673817**

**Abbreviated balance sheet**  
**as at 31 October 2013**

	Note	£	2013 £	£	2012 £
<b>FIXED ASSETS</b>					
Tangible assets	6		816,465		629,253
Investments	7		2		2
			<u>816,467</u>		<u>629,255</u>
<b>CURRENT ASSETS</b>					
Stocks	8	525,836		550,239	
Debtors	9	1,412,379		1,773,791	
Cash at bank and in hand		1,807,104		1,378,433	
		<u>3,745,319</u>		<u>3,702,463</u>	
<b>CREDITORS:</b> amounts falling due within one year	10	(1,135,342)		(1,273,479)	
<b>NET CURRENT ASSETS</b>			<u>2,609,977</u>		<u>2,428,984</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,426,444</u>		<u>3,058,239</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	11		(17,353)		-
<b>NET ASSETS</b>			<u>3,409,091</u>		<u>3,058,239</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		2,500		2,500
Profit and loss account	13		3,406,591		3,055,739
<b>SHAREHOLDERS' FUNDS</b>	14		<u>3,409,091</u>		<u>3,058,239</u>

The abbreviated accounts, which have been prepared in accordance with the special provisions of section 445(3) of the Companies Act 2006 relating to medium-sized companies, were approved and authorised for issue by the board and were signed on its behalf on



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

The notes on pages 8 to 16 form part of these financial statements

**T.W. ENGINEERING COMPANY LIMITED**

**Abbreviated cash flow statement  
for the year ended 31 October 2013**

	Note	2013 £	2012 £
Net cash flow from operating activities	15	761,628	415,717
Returns on investments and servicing of finance	16	4,365	3,057
Taxation	16	(93,971)	(80,837)
Capital expenditure and financial investment	16	(243,351)	(260,011)
<b>INCREASE IN CASH IN THE YEAR</b>		<u>428,671</u>	<u>77,926</u>

**Reconciliation of net cash flow to movement in net funds/debt  
for the year ended 31 October 2013**

	2013 £	2012 £
Increase in cash in the year	428,671	77,926
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	428,671	77,926
Net funds at 1 November 2012	1,378,433	1,300,507
<b>NET FUNDS AT 31 OCTOBER 2013</b>	<u>1,807,104</u>	<u>1,378,433</u>

The notes on pages 8 to 16 form part of these financial statements

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

### **Notes to the abbreviated accounts for the year ended 31 October 2013**

#### **1. ACCOUNTING POLICIES**

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

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with applicable accounting standards

The financial statements contain information about T W Engineering Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 402/405 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as its subsidiary undertaking is not material for the purpose of giving a true and fair view.

##### **1.2 Turnover**

Turnover is recognised on despatch of goods and represents amounts chargeable, net of value added tax, in respect of the sales of goods and services to customers.

##### **1.3 Depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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 Fixed asset investments**

Fixed asset investments are stated at historical cost less provision for any diminution in value.

##### **1.5 Operating leases**

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

##### **1.6 Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

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

### **Notes to the abbreviated accounts for the year ended 31 October 2013**

#### **1. ACCOUNTING POLICIES (continued)**

##### **1.7 Deferred taxation**

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by the FRSSE

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted at the balance sheet date

##### **1.8 Foreign currencies**

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account

##### **1.9 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

#### **2. OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

	2013 £	2012 £
Depreciation of tangible fixed assets		
- owned by the company	63,444	60,418
Auditors' remuneration	7,050	7,200
Auditors' remuneration - non-audit	1,778	1,773
Operating lease rentals		
- other operating leases	3,000	12,000
Profit/loss on sale of tangible fixed assets	(7,305)	(5,148)

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

## **Notes to the abbreviated accounts for the year ended 31 October 2013**

### **3. DIRECTORS' REMUNERATION**

	2013 £	2012 £
Remuneration	431,541	328,662
Company pension contributions to defined contribution pension schemes	47,000	25,000

During the year retirement benefits were accruing to 3 directors (2012 - 3) in respect of defined contribution pension schemes

The highest paid director received remuneration of £275,655 (2012 - £196,364)

### **4. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows

	2013 £	2012 £
Wages and salaries	961,259	856,378
Social security costs	86,290	71,072
Other pension costs	104,000	55,000
	1,151,549	982,450

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

	2013 No	2012 No
Directors	3	3
Factory staff	13	13
Office staff	9	9
	25	25

# T.W. ENGINEERING COMPANY LIMITED

## Notes to the abbreviated accounts for the year ended 31 October 2013

### 5. TAXATION

	2013 £	2012 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	91,532	93,015
Adjustments in respect of prior periods	956	1
<b>Total current tax</b>	<u>92,488</u>	<u>93,016</u>
<b>Deferred tax</b> (see note 11)		
Origination and reversal of timing differences	28,803	(10,356)
<b>Tax on profit on ordinary activities</b>	<u>121,291</u>	<u>82,660</u>

### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 23% (2012 - 24%). The differences are explained below

	2013 £	2012 £
Profit on ordinary activities before tax	<u>472,143</u>	<u>372,988</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2012 - 24%)	108,593	89,517
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(11,198)	13,293
Capital allowances for year in excess of depreciation	1,316	68
Adjustments to tax charge in respect of prior periods	956	1
Marginal relief	(9,132)	(12,961)
Rate changes	1,953	3,098
<b>Current tax charge for the year</b> (see note above)	<u>92,488</u>	<u>93,016</u>

### Factors that may affect future tax charges

There were no factors that may affect future tax charges

# T.W. ENGINEERING COMPANY LIMITED

## Notes to the abbreviated accounts for the year ended 31 October 2013

### 6. TANGIBLE FIXED ASSETS

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
<b>Cost</b>					
At 1 November 2012	554,947	252,520	244,268	105,336	1,157,071
Additions	195,158	4,250	31,620	19,628	250,656
Disposals	-	(3,512)	(19,917)	(2,407)	(25,836)
At 31 October 2013	750,105	253,258	255,971	122,557	1,381,891
<b>Depreciation</b>					
At 1 November 2012	54,201	243,771	153,384	76,462	527,818
Charge for the year	14,299	2,287	36,540	10,318	63,444
On disposals	-	(3,512)	(19,917)	(2,407)	(25,836)
At 31 October 2013	68,500	242,546	170,007	84,373	565,426
<b>Net book value</b>					
At 31 October 2013	681,605	10,712	85,964	38,184	816,465
At 31 October 2012	500,746	8,749	90,884	28,874	629,253

The gross book value of freehold land and buildings includes £178,169 (2012 - £178,169) of land which is not depreciated

### 7. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 November 2012 and 31 October 2013	2
<b>Net book value</b>	
At 31 October 2013	2
At 31 October 2012	2

#### Subsidiary undertakings

The following were subsidiary undertakings of the company

	Principal activity	Class of shares	Holding	Capital and reserves	Profit/(Loss) for the year £
T W Tools Limited	Dormant	Ordinary	100%	2	-

**T.W. ENGINEERING COMPANY LIMITED**

**Notes to the abbreviated accounts  
for the year ended 31 October 2013**

**8. STOCKS**

	2013 £	2012 £
Work in progress	8,828	6,121
Finished goods and goods for resale	517,008	544,118
	<u>525,836</u>	<u>550,239</u>

**9. DEBTORS**

	2013 £	2012 £
Trade debtors	1,382,053	1,729,637
Prepayments and accrued income	30,326	32,704
Deferred tax asset (see note 11)	-	11,450
	<u>1,412,379</u>	<u>1,773,791</u>

**10 CREDITORS.  
Amounts falling due within one year**

	2013 £	2012 £
Trade creditors	542,620	810,430
Corporation tax	91,532	93,015
Other taxation and social security	123,421	155,654
Other creditors	651	6,396
Accruals and deferred income	377,118	207,984
	<u>1,135,342</u>	<u>1,273,479</u>

**11. DEFERRED TAXATION**

	2013 £	2012 £
At beginning of year	11,450	1,094
Credited during the year	(28,803)	10,356
	<u>(17,353)</u>	<u>11,450</u>

**T.W. ENGINEERING COMPANY LIMITED**

**Notes to the abbreviated accounts  
for the year ended 31 October 2013**

**11 DEFERRED TAXATION (continued)**

The deferred taxation balance is made up as follows

	2013 £	2012 £
Accelerated capital allowances	4,497	(2,368)
Short term timing differences	12,856	13,818
	<u>17,353</u>	<u>11,450</u>

**12. SHARE CAPITAL**

	2013 £	2012 £
<b>Allotted, called up and fully paid</b>		
2,500 Ordinary shares of £1 each	<u>2,500</u>	<u>2,500</u>

**13. RESERVES**

	Profit and loss account £
At 1 November 2012	3,055,739
Profit for the financial year	350,852
At 31 October 2013	<u>3,406,591</u>

**14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2013 £	2012 £
Opening shareholders' funds	3,058,239	2,767,911
Profit for the financial year	350,852	290,328
Closing shareholders' funds	<u>3,409,091</u>	<u>3,058,239</u>

**T W. ENGINEERING COMPANY LIMITED**

**Notes to the abbreviated accounts  
for the year ended 31 October 2013**

**15. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2013 £	2012 £
Operating profit	467,778	369,931
Depreciation of tangible fixed assets	63,444	60,418
Profit on disposal of tangible fixed assets	(7,305)	(5,148)
Decrease/(increase) in stocks	24,403	(247,231)
Decrease/(increase) in debtors	349,963	(656,513)
(Decrease)/increase in creditors	(136,655)	894,260
	-	-
<b>Net cash inflow from operating activities</b>	<u>761,628</u>	<u>415,717</u>

**16. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2013 £	2012 £
<b>Returns on investments and servicing of finance</b>		
Interest received	<u>4,365</u>	<u>3,057</u>
	2013 £	2012 £
<b>Taxation</b>		
Corporation tax	<u>(93,971)</u>	<u>(80,837)</u>
	2013 £	2012 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(250,656)	(269,636)
Sale of tangible fixed assets	7,305	9,625
<b>Net cash outflow from capital expenditure</b>	<u>(243,351)</u>	<u>(260,011)</u>

**17. ANALYSIS OF CHANGES IN NET FUNDS**

	1 November 2012 £	Cash flow £	Other non-cash changes £	31 October 2013 £
Cash at bank and in hand	1,378,433	428,671	-	1,807,104
<b>Net funds</b>	<u>1,378,433</u>	<u>428,671</u>	<u>-</u>	<u>1,807,104</u>

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

## **Notes to the abbreviated accounts for the year ended 31 October 2013**

### **18. 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 £104,000 (2012 - £55,000)

Contributions totalling £1,821 (2012 - £57,718) were payable to the fund at the balance sheet date and are included in creditors

### **19. OPERATING LEASE COMMITMENTS**

At 31 October 2013 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2013	2012
	£	£
<b>Expiry date:</b>		
Between 2 and 5 years	-	12,000
	<u>          </u>	<u>          </u>