

Registered number: 00673817

T.W. ENGINEERING COMPANY LIMITED

Annual Report and Financial Statements

For the Year Ended 31 October 2022



T.W. ENGINEERING COMPANY LIMITED

Company Information

Directors	H C Downs (Chairman) FCCA S A Lowater ACMA & CGMA J R Downs FCCA E C H Downs
Company secretary	S A Lowater ACMA & CGMA
Registered number	00673817
Registered office	Angular House Eagle Road Quarry Hill Industrial Park Ilkeston Derbyshire DE7 4RB
Independent auditors	PKF Smith Cooper Audit Limited Statutory Auditors 2 Lace Market Square Nottingham NG1 1PB

T.W. ENGINEERING COMPANY LIMITED

Contents

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditors' Report	5 - 8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 - 23

T.W. ENGINEERING COMPANY LIMITED

Strategic Report For the Year Ended 31 October 2022

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.

The directors consider that the results for the year and financial position at the end of the year were good particularly in view of the economic climate.

Business review

As a manufacturer and distributor, the company continues to supply a vast range of Hand Tools, Power Tools & Consumables alongside Precision Engineered and Woodworked Parts to a wide range of utility companies, government bodies & industry in the UK.

The year ended 31 October 2022, 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 businesses have continued to suffer over the past year because of residual problems from the Covid-19 situation, due to the majority of our customers being essential to the economy and our already strong position in the industry we have managed to increase turnover, we are also actively looking for candidates for various roles within the business to strengthen the team.

Whilst many sectors continued to struggle, our stable position with experienced staff and our continued investments in new premises & new technology ensured that we continue to grow and deliver valued services to our customers.

Costs were broadly in line with expectations, however these continue to rise on a daily basis and margins have been eroded, of particular worry to us are shipping costs which in some cases are 5 times more than before the pandemic, we will hopefully start to see these lower over the coming months.

Other issues that have concerned us during this period are energy and cost inflation. With regards to energy costs, in the past year we have seen domestic energy costs treble and commercial rates rise even higher. Whilst some support is available, we will see business energy costs double over the next six months with further uncertainty beyond that.

UK inflation has risen to its highest level in 40 years with a headline figure of 11.1% and as a business we have seen this in all aspects of our operations including but not limited to labour, carriage, packaging and consumables. The protracted period of economic challenges is 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.

T.W. ENGINEERING COMPANY LIMITED

Strategic Report (continued) For the Year Ended 31 October 2022

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 are secure (which are subject to periodic tender).

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 continue to receive extra challenges with regards to Brexit and Covid whereby the majority of our suppliers' costs have risen, we continue to absorb these rather than passing on to our customers whenever possible, however this is becoming extremely difficult.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for another 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.

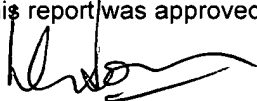
Financial key performance indicators

We consider that our key financial performance indicators are those that communicate the financial performance and position of the company as a whole, these being the net profit margin and the return on capital employed.

The net profit margin for the year was 9% (2021: 5%).

Return on capital employed, defined as earnings before interest and tax divided by total assets less current liabilities, is 28% (2021: 17%).

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



H C Downs (Chairman) FCCA
Director

Date: 19th May 2023.

T.W. ENGINEERING COMPANY LIMITED

Directors' Report For the Year Ended 31 October 2022

The directors present their report and the financial statements for the year ended 31 October 2022.

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 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.

Principal activity

The company's principal activity is as distributor to industry of hand tools, power tools, consumables and janitorial goods. Along with precision engineering, manufacturing and woodworking.

Results and dividends

The profit for the year, after taxation, amounted to £2,650,824 (2021 - £1,219,564).

Dividends of £200,000 (2021: £800,000) 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

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.

T.W. ENGINEERING COMPANY LIMITED

**Directors' Report (continued)
For the Year Ended 31 October 2022**

Auditors

The auditors, PKF Smith Cooper Audit Limited, 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.

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

H C Downs (Chairman) FCCA
Director

Date: 19th May 2023 .

T.W. ENGINEERING COMPANY LIMITED

Independent Auditors' Report to the Members of T.W. Engineering Company Limited

Opinion

We have audited the financial statements of T.W. Engineering Company Limited (the 'Company') for the year ended 31 October 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

T.W. ENGINEERING COMPANY LIMITED

Independent Auditors' Report to the Members of T.W. Engineering Company Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the 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 the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

T.W. ENGINEERING COMPANY LIMITED

Independent Auditors' Report to the Members of T.W. Engineering Company Limited (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We identified that the principal risk of fraud or non-compliance with laws and regulations related to:

- Management bias in respect of accounting estimates and judgements made;
- Management override of control;
- Posting of unusual journals or transactions.

We focussed on those areas that could give rise to a material misstatement in the Company's financial statements. Our procedures included, but were not limited to:

- Enquiry of management and those charged with governance around actual and potential litigation and claims, including instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of meetings of those charged with governance where available;
- Reviewing legal expenditure in the year to identify instances of non-compliance with laws and regulations and fraud;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

It is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

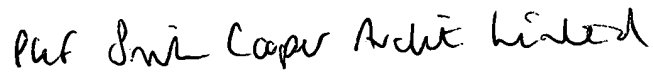
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

T.W. ENGINEERING COMPANY LIMITED

Independent Auditors' Report to the Members of T.W. Engineering Company Limited (continued)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in 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.



Sarah Flear (Senior Statutory Auditor)

for and on behalf of

PKF Smith Cooper Audit Limited

Statutory Auditors

2 Lace Market Square

Nottingham

NG1 1PB

Date: 23/11/23

T.W. ENGINEERING COMPANY LIMITED

**Statement of Comprehensive Income
For the Year Ended 31 October 2022**

	Note	2022 £	2021 £
Turnover	4	30,776,715	23,589,335
Cost of sales		(25,435,340)	(20,237,313)
Gross profit		5,341,375	3,352,022
Administrative expenses		(2,038,822)	(1,818,965)
Operating profit	5	3,302,553	1,533,057
Interest receivable and similar income	9	2,792	1,333
Profit before tax		3,305,345	1,534,390
Tax on profit	10	(654,521)	(314,826)
Profit for the financial year		2,650,824	1,219,564

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2022 (2021: £NIL).


The notes on pages 12 to 23 form part of these financial statements.

T.W. ENGINEERING COMPANY LIMITED
Registered number: 00673817

Balance Sheet
As at 31 October 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	2,443,888	2,250,800
Investments	13	2	2
		<u>2,443,890</u>	<u>2,250,802</u>
Current assets			
Stocks	14	2,495,275	2,509,289
Debtors: amounts falling due within one year	15	4,326,968	4,247,654
Cash at bank and in hand	16	5,722,785	3,229,217
		<u>12,545,028</u>	<u>9,986,160</u>
Creditors: amounts falling due within one year	17	(3,714,179)	(3,131,424)
Net current assets		<u>8,830,849</u>	<u>6,854,736</u>
Total assets less current liabilities		<u>11,274,739</u>	<u>9,105,538</u>
Deferred tax	18	(112,693)	(44,316)
Net assets		<u><u>11,162,046</u></u>	<u><u>9,061,222</u></u>
Capital and reserves			
Called up share capital	19	2,500	2,500
Profit and loss account	20	11,159,546	9,058,722
		<u><u>11,162,046</u></u>	<u><u>9,061,222</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



H C Downs (Chairman) FCCA
Director

Date: 19th May 2023.

The notes on pages 12 to 23 form part of these financial statements.

T.W. ENGINEERING COMPANY LIMITED

**Statement of Changes in Equity
For the Year Ended 31 October 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 November 2020	2,500	8,639,158	8,641,658
Profit for the year	-	1,219,564	1,219,564
Dividends: Equity capital	-	(800,000)	(800,000)
At 1 November 2021	2,500	9,058,722	9,061,222
Profit for the year	-	2,650,824	2,650,824
Dividends: Equity capital	-	(550,000)	(550,000)
At 31 October 2022	2,500	11,159,546	11,162,046

The notes on pages 12 to 23 form part of these financial statements.

T.W. ENGINEERING COMPANY LIMITED

Notes to the Financial Statements For the Year Ended 31 October 2022

1. General information

T.W. Engineering Limited is a private company limited by shares incorporated in England, United Kingdom. The address of the registered office and the company registration number 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.

2. Accounting policies

2.1 Basis of preparation of financial statements

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.

The financial statements are presented in sterling which is the functional currency of the company and have been rounded to the nearest £1.

The financial statements contain information about T.W. Engineering Company Limited as an individual company and do not contain consolidated financial information as the parent of a group. This information is included within the consolidated financial statements for the ultimate parent undertaking, T.W. Engineering Holdings Limited, as at 31 October 2022.

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.

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 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of T.W. Engineering Holdings Limited as at 31 October 2022 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

T.W. ENGINEERING COMPANY LIMITED

Notes to the Financial Statements For the Year Ended 31 October 2022

2. Accounting policies (continued)

2.3 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. 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 consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

This is usually upon dispatch of goods.

T.W. ENGINEERING COMPANY LIMITED

Notes to the Financial Statements For the Year Ended 31 October 2022

2. Accounting policies (continued)

2.4 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.

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 of changes in circumstances indicate the carrying value may be affected.

Depreciation is provided on the following basis:

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

2.5 Valuation of investments

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

2.6 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.

2.7 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.

2.8 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.

2.9 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.

T.W. ENGINEERING COMPANY LIMITED

Notes to the Financial Statements For the Year Ended 31 October 2022

2. Accounting policies (continued)

2.10 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.

2.11 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.

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

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

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affects the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There are no significant judgements (apart from those involving estimates) which have had an effect on amounts recognised in the financial statements.

4. Turnover

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

	2022 £	2021 £
Sale of goods	<u>30,776,715</u>	<u>23,589,335</u>

All turnover arose within the United Kingdom.

T.W. ENGINEERING COMPANY LIMITED

**Notes to the Financial Statements
For the Year Ended 31 October 2022**

5. Operating profit

The operating profit is stated after charging:

	2022	2021
	£	£
Depreciation on tangible fixed assets	186,904	165,643
Exchange differences	(24,166)	(3,619)
Other operating lease rentals	27,469	26,252
Defined benefit pension cost	192,292	127,271

6. Auditors' remuneration

	2022	2021
	£	£
Fees payable to the Company's auditors for the audit of the Company's financial statements	10,000	9,750

T.W. ENGINEERING COMPANY LIMITED

**Notes to the Financial Statements
For the Year Ended 31 October 2022**

7. Employees

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

	2022 £	2021 £
Wages and salaries	1,919,552	1,684,796
Social security costs	187,912	158,783
Cost of defined contribution scheme	192,292	127,271
	<u>2,299,756</u>	<u>1,970,850</u>

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

	2022 No.	2021 No.
Directors	4	4
Factory staff	27	26
Office staff	18	17
	<u>49</u>	<u>47</u>

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	671,356	599,511
Company contributions to defined contribution pension schemes	120,000	60,000
	<u>791,356</u>	<u>659,511</u>

During the year retirement benefits were accruing to 3 directors (2021 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £275,367 (2021 - £199,585).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £40,000 (2021 - £20,000).

9. Interest receivable

	2022 £	2021 £
Other interest receivable	<u>2,792</u>	<u>1,333</u>

T.W. ENGINEERING COMPANY LIMITED

**Notes to the Financial Statements
For the Year Ended 31 October 2022**

10. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	586,390	311,620
Adjustments in respect of previous periods	(246)	-
Total current tax	<u>586,144</u>	<u>311,620</u>
Deferred tax		
Origination and reversal of timing differences	51,967	3,206
Changes to tax rates	16,410	-
Total deferred tax	<u>68,377</u>	<u>3,206</u>
Taxation on profit on ordinary activities	<u>654,521</u>	<u>314,826</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>3,305,345</u>	<u>1,534,390</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	628,016	291,534
Effects of:		
Expenses not deductible for tax purposes	1,205	3,488
Fixed asset differences	9,205	10,535
Adjustments to tax charge in respect of prior periods	(246)	-
Other timing differences leading to a decrease in taxation	-	(1,367)
Remeasurement of deferred tax for changes in tax rates	16,410	-
Non-taxable income	(69)	10,636
Total tax charge for the year	<u>654,521</u>	<u>314,826</u>

Factors that may affect future tax charges

In April 2023 the rate of corporation tax will increase to 25% from the current rate of 19%.

T.W. ENGINEERING COMPANY LIMITED

**Notes to the Financial Statements
For the Year Ended 31 October 2022**

11. Dividends

	2022 £	2021 £
Dividends paid on equity share capital	<u>550,000</u>	<u>800,000</u>

12. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 November 2021	2,258,261	208,879	382,966	431,099	3,281,205
Additions	60,287	30,860	247,727	62,381	401,255
Disposals	-	-	(162,135)	(4,235)	(166,370)
At 31 October 2022	<u>2,318,548</u>	<u>239,739</u>	<u>468,558</u>	<u>489,245</u>	<u>3,516,090</u>
Depreciation					
At 1 November 2021	281,741	151,500	289,727	307,437	1,030,405
Charge for the year on owned assets	53,410	17,776	83,075	32,643	186,904
Disposals	-	-	(140,872)	(4,235)	(145,107)
At 31 October 2022	<u>335,151</u>	<u>169,276</u>	<u>231,930</u>	<u>335,845</u>	<u>1,072,202</u>
Net book value					
At 31 October 2022	<u>1,983,397</u>	<u>70,463</u>	<u>236,628</u>	<u>153,400</u>	<u>2,443,888</u>
At 31 October 2021	<u>1,976,520</u>	<u>57,379</u>	<u>93,239</u>	<u>123,662</u>	<u>2,250,800</u>

Included within freehold property is freehold land at a cost of £178,169 which is not depreciated.

T.W. ENGINEERING COMPANY LIMITED

**Notes to the Financial Statements
For the Year Ended 31 October 2022**

13. Fixed asset investments

	Investments in subsidiary companies £
Cost and net book value	
At 1 November 2021	2
At 31 October 2022	<u>2</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

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

The registered office of the subsidiary is the same as that of the parent company.

The aggregate of the share capital and reserves as at 31 October 2022 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
T. W. Tools Limited	2	-

14. Stocks

	2022 £	2021 £
Finished goods and goods for resale	<u>2,495,275</u>	<u>2,509,289</u>

T.W. ENGINEERING COMPANY LIMITED

**Notes to the Financial Statements
For the Year Ended 31 October 2022**

15. Debtors

	2022 £	2021 £
Trade debtors	4,274,984	4,200,938
Other debtors	4,900	8,850
Prepayments and accrued income	47,084	37,866
	<u>4,326,968</u>	<u>4,247,654</u>

16. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	5,722,785	3,229,217

17. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	1,929,260	2,065,702
Amounts owed to group undertakings	350,000	-
Corporation tax	114,327	23,183
Other taxation and social security	588,779	371,978
Other creditors	11,446	11,012
Accruals and deferred income	720,367	659,549
	<u>3,714,179</u>	<u>3,131,424</u>

T.W. ENGINEERING COMPANY LIMITED

**Notes to the Financial Statements
For the Year Ended 31 October 2022**

18. Deferred taxation

	2022 £
At beginning of year	(44,316)
Charged to profit or loss	(68,377)
At end of year	(112,693)

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Fixed asset timing differences	(113,297)	(44,971)
Short term timing differences	604	655
	<u>(112,693)</u>	<u>(44,316)</u>

19. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
2,499 (2021 - 2,499) Ordinary shares of £1.00 each	2,499	2,499
1 (2021 - 1) Ordinary A share of £1.00	1	1
	<u>2,500</u>	<u>2,500</u>

20. Reserves

Profit and loss account

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

21. Capital commitments

At 31 October 2022 the Company had capital commitments as follows:

	2022 £	2021 £
Contracted for but not provided in these financial statements	<u>-</u>	<u>71,350</u>

T.W. ENGINEERING COMPANY LIMITED

Notes to the Financial Statements For the Year Ended 31 October 2022

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 £192,292 (2021: £127,271).

Contributions totalling £3,240 (2021: £2,677) were payable to the fund at the balance sheet date and are included in creditors.

23. Commitments under operating leases

At 31 October 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	2021
	£	£
Not later than 1 year	12,000	20,633
Later than 1 year and not later than 5 years	7,000	19,000
	19,000	39,633

24. Related party transactions

The Company has taken advantage of the exemption under FRS 102 Section 1.12 Reduced Disclosures For Subsidiaries from disclosing key management personnel compensation in total.

25. Controlling party

The ultimate parent undertaking is T.W. Engineering Holdings Limited.

The ultimate controlling party is H C Downs.