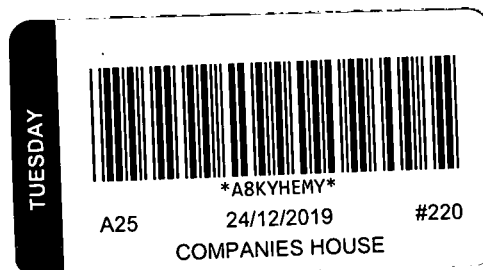


SALOP DESIGN & ENGINEERING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019



SALOP DESIGN & ENGINEERING LIMITED

COMPANY INFORMATION

Directors	Gillian M Homden Richard L Homden Lee M Pearson (resigned 1 July 2019) Chris Greenough Sian Turner (appointed 6 April 2018, resigned 20 June 2019)
Registered number	00895927
Registered office	Brixton Way Harlescott Industrial Estate Shrewsbury Shropshire SY1 3LB
Independent auditors	Whittingham Riddell LLP Chartered Accountants & Statutory Auditors Belmont House Shrewsbury Business Park Shrewsbury Shropshire SY2 6LG

SALOP DESIGN & ENGINEERING LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditors' report	4 - 6
Statement of comprehensive income	7 - 8
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10 - 25

SALOP DESIGN & ENGINEERING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Introduction

The directors present the strategic report for the year ended 31 March 2019.

Business review

External market conditions remain very competitive but the continuation of investment in plant and technology has maintained the position of the Company. Turnover remained static in the year at £11.3m (2018: £10.5m), whilst gross profit margin has decreased to 16% compared to 21% which reflects difficult trading conditions in the year. The Company continues to maintain a strong balance sheet with net assets and net current assets at the year end of £2.4m (2018: £2.3m) and £1.5m (2018: £1.8m) respectively.

On the 6 April 2018, following a share restructure within Salop Haulage Limited, the company became a subsidiary of Salop Design & Engineering Limited.

Principal risks and uncertainties

The Company is in a strong financial position with continued investment being funded out of retained earnings and cash at bank. The principal risks and uncertainties are considered to be those external to the company itself such as changes in the political and economic environments. The control of risk and the management of the Company's ability to adjust to changing external and internal influences is integral to the company's business. The directors regularly review and agree policies for managing such risks.

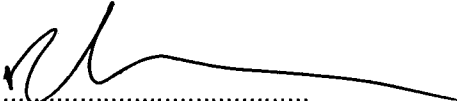
Financial key performance indicators

The Company uses various key performance indicators to monitor its financial performance and position. Key performance indicators that are relevant to the financial statements include turnover, gross profit margin, operating profit, net current assets and net assets. An analysis of the Company's performance by reference to these key performance indicators is provided in the business review above.

Other key performance indicators

The Company uses a number of targeted non-financial key performance indicators to monitor and measure performance on a weekly and monthly basis.

This report was approved by the board on 18 December 2019 and signed on its behalf.



.....
Richard L Homden
Director

SALOP DESIGN & ENGINEERING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

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.

Results and dividends

The profit for the year, after taxation, amounted to £107,491 (2018 - £29,943).

No dividends have been paid or recommended in the current or prior year.

Directors

The directors who served during the year were:

Gillian M Homden
Richard L Homden
Lee M Pearson (resigned 1 July 2019)
Chris Greenough
Sian Turner (appointed 6 April 2018, resigned 20 June 2019)

Future developments

The organisation has invested significantly in technology licencing and in repositioning and rebranding its business to realise its vision of becoming a global partner for intelligent lightweight solutions. These are solutions which allow complex part to be manufactured in a single pressing - saving weight and costs across a range of new and existing industry sectors.

SALOP DESIGN & ENGINEERING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

Disclosure of information to auditors

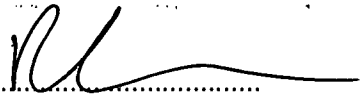
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- 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.

Auditors

The auditors, Whittingham Riddell LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 18 December 2019 and signed on its behalf.



.....
Richard L Homden
Director

SALOP DESIGN & ENGINEERING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SALOP DESIGN & ENGINEERING LIMITED

Opinion

We have audited the financial statements of Salop Design & Engineering Limited (the 'Company') for the year ended 31 March 2019, 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 March 2019 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

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

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

SALOP DESIGN & ENGINEERING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SALOP DESIGN & ENGINEERING LIMITED (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

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.

SALOP DESIGN & ENGINEERING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SALOP DESIGN & ENGINEERING LIMITED (CONTINUED)

Responsibilities of directors

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, 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.

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.

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.

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.



John Fletcher BA (Hons) FCA (Senior statutory auditor)

for and on behalf of
Whittingham Riddell LLP

Chartered Accountants
Statutory Auditors

Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

18 December 2019

SALOP DESIGN & ENGINEERING LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 £
Turnover	5	11,316,699	10,515,132
Cost of sales		(9,558,970)	(8,336,136)
Gross profit		1,757,729	2,178,996
Distribution costs		(383,580)	(443,939)
Administrative expenses		(1,685,742)	(1,723,099)
Exceptional other operating income		350,000	-
Operating profit	6	38,407	11,958
Interest receivable and similar income	9	-	445
Interest payable and expenses	10	(5,400)	(5,400)
Profit before tax		33,007	7,003
Tax on profit	11	74,484	22,940
Profit for the financial year		107,491	29,943

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018:£NIL).


The notes on pages 10 to 25 form part of these financial statements.

SALOP DESIGN & ENGINEERING LIMITED

**BALANCE SHEET
AS AT 31 MARCH 2019**

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	1,819,125	1,885,207
Investments	15	380,875	-
		<u>2,200,000</u>	<u>1,885,207</u>
Current assets			
Stocks	16	726,214	804,597
Debtors: amounts falling due after more than one year	17	40,000	-
Debtors: amounts falling due within one year	17	3,148,814	3,080,329
Cash at bank and in hand	18	94,597	627,157
		<u>4,009,625</u>	<u>4,512,083</u>
Creditors: amounts falling due within one year	19	(2,486,036)	(2,731,414)
Net current assets		<u>1,523,589</u>	<u>1,780,669</u>
Total assets less current liabilities		<u>3,723,589</u>	<u>3,665,876</u>
Creditors: amounts falling due after more than one year	20	(1,125,000)	(1,100,000)
Provisions for liabilities			
Deferred tax	22	(160,629)	(235,407)
		<u>(160,629)</u>	<u>(235,407)</u>
Net assets		<u><u>2,437,960</u></u>	<u><u>2,330,469</u></u>
Capital and reserves			
Called up share capital	23	20,100	20,100
Profit and loss account	24	2,417,860	2,310,369
		<u><u>2,437,960</u></u>	<u><u>2,330,469</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 December 2019.


Richard L Homden
Director

The notes on pages 10 to 25 form part of these financial statements.

SALOP DESIGN & ENGINEERING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2018	20,100	2,310,369	2,330,469
Comprehensive income for the year			
Profit for the year	-	107,491	107,491
At 31 March 2019	20,100	2,417,860	2,437,960

The notes on pages 10 to 25 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2017	20,100	2,280,426	2,300,526
Comprehensive income for the year			
Profit for the year	-	29,943	29,943
At 31 March 2018	20,100	2,310,369	2,330,469

The notes on pages 10 to 25 form part of these financial statements.

SALOP DESIGN & ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

Salop Design & Engineering Limited is a private company limited by shares, it is incorporated and domiciled in the UK and has a registered office and principal place of business at Brixton Way, Harlescott Industrial Estate, Shrewsbury, Shropshire, SY1 3LB.

The principal activity of the company is the manufacture and production of precision metal pressing and assemblies predominantly for the automotive and domestic appliance markets.

2. Summary of significant accounting policies and key accounting estimates

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

3. Accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 4).

The following principal accounting policies have been applied:

3.2 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).

This information is included in the consolidated financial statements of R A Homden Limited as at 31 March 2019 and these financial statements may be obtained from Companies House.

3.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

SALOP DESIGN & ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

3. Accounting policies (continued)

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

3.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical 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 by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Plant & Machinery	- 7.5-25% reducing balance
Motor Vehicles	- 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

3.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

SALOP DESIGN & ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

3. Accounting policies (continued)

3.7 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.

3.8 Debtors

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

3.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

SALOP DESIGN & ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

3. Accounting policies (continued)

3.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

3.11 Creditors

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

3.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

3.13 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income 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.

SALOP DESIGN & ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

3. Accounting policies (continued)

3.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

3.16 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

3.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

SALOP DESIGN & ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

3. Accounting policies (continued)

3.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3.19 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

3.20 Research and development

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

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

SALOP DESIGN & ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

4. Judgments in applying accounting policies and key sources of estimation uncertainty

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the relates actual results. In the opinion of the directors there are no estimates nor assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. Turnover

The whole of the turnover is attributable to the manufacture and production of precision metal pressing and assemblies predominantly for the automotive and domestic appliance industries.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	10,440,699	9,419,375
Rest of Europe	821,000	984,611
Rest of the world	55,000	111,146
	<u>11,316,699</u>	<u>10,515,132</u>

6. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Research & development charged as an expense	18,225	12,716
Exchange differences	(5,503)	21,241
Other operating lease rentals	<u>71,979</u>	<u>74,036</u>

SALOP DESIGN & ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

7. Employees

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

	2019 £	2018 £
Wages and salaries	2,240,161	2,163,595
Social security costs	220,021	183,867
Cost of defined contribution scheme	19,122	24,107
	<u>2,479,304</u>	<u>2,371,569</u>

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

	2019 No.	2018 No.
Production	69	76
Administration	21	21
Directors	4	4
	<u>94</u>	<u>101</u>

Total remuneration paid to key management personnel (including Directors) totalled £329,118 (2018: £314,889).

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	320,847	273,630
Company contributions to defined contribution pension schemes	19,122	10,774
	<u>339,969</u>	<u>284,404</u>

During the year retirement benefits were accruing to 3 directors (2018 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £86,220 (2018 - £109,673).

SALOP DESIGN & ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

9. Interest receivable

	2019 £	2018 £
Other interest receivable	-	445
	<u>-</u>	<u>445</u>
	<u>-</u>	<u>445</u>

10. Interest payable and similar expenses

	2019 £	2018 £
Loans from group undertakings	5,400	5,400
	<u>5,400</u>	<u>5,400</u>
	<u>5,400</u>	<u>5,400</u>

11. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	149	-
Adjustments in respect of previous periods	145	(18,516)
	<u>294</u>	<u>(18,516)</u>
	<u>294</u>	<u>(18,516)</u>
Total current tax	<u>294</u>	<u>(18,516)</u>
Deferred tax		
Origination and reversal of timing differences	(74,778)	(4,424)
	<u>(74,778)</u>	<u>(4,424)</u>
Total deferred tax	<u>(74,778)</u>	<u>(4,424)</u>
	<u>(74,778)</u>	<u>(4,424)</u>
Taxation on loss on ordinary activities	<u>(74,484)</u>	<u>(22,940)</u>
	<u>(74,484)</u>	<u>(22,940)</u>

SALOP DESIGN & ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>33,007</u>	<u>7,003</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	6,271	1,331
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,156	711
Capital allowances for year in excess of depreciation	28,627	(7,289)
Adjustments to tax charge in respect of prior periods	145	(18,516)
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	-	(65)
Non-taxable income	(66,500)	-
Unrelieved tax losses carried forward	32,245	-
Other differences leading to an increase (decrease) in the tax charge	(30,813)	5,312
Group relief	28,163	-
Origination and reversal of timing differences	(74,778)	(4,424)
Total tax charge for the year	<u>(74,484)</u>	<u>(22,940)</u>

Factors that may affect future tax charges

At Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate at 19% (effective 1 April 2017) and 18% (effective 1 April 2020). At Budget 2016, the government announced a further reduction to the Corporation Tax main rate to 17% (effective 1 April 2020) and this rate was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

SALOP DESIGN & ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

12. Exceptional items

	2019 £	2018 £
Exceptional items - write off of intercompany creditor	(350,000)	-
	<u>(350,000)</u>	<u>-</u>

The parent company, R.A. Homden Limited, wrote off £350,000 of amounts payable to it by the company at 31 March 2019.

13. Tangible fixed assets

	Plant & Machinery £	Motor Vehicles £	Total £
Cost or valuation			
At 1 April 2018	6,815,971	14,375	6,830,346
Additions	198,499	-	198,499
Disposals	(90,267)	-	(90,267)
At 31 March 2019	<u>6,924,203</u>	<u>14,375</u>	<u>6,938,578</u>
Depreciation			
At 1 April 2018	4,938,607	6,532	4,945,139
Charge for the year on owned assets	256,472	3,594	260,066
Disposals	(85,752)	-	(85,752)
At 31 March 2019	<u>5,109,327</u>	<u>10,126</u>	<u>5,119,453</u>
Net book value			
At 31 March 2019	<u>1,814,876</u>	<u>4,249</u>	<u>1,819,125</u>
At 31 March 2018	<u>1,877,364</u>	<u>7,843</u>	<u>1,885,207</u>

14. Fixed asset investments

The Company has a 50% share in a joint venture - In-Comm Training Academy Shropshire Limited - the loss (2018: loss) attributable to the company in the year from this joint venture is £29,783 (2018: £-6,230)

SALOP DESIGN & ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

15. Fixed asset investments

	Investments in Subsidiary Companies £
Cost or valuation	
Additions	380,875
At 31 March 2019	<u>380,875</u>
Net book value	
At 31 March 2019	<u>380,875</u>
At 31 March 2018	<u>-</u>

16. Stocks

	2019 £	2018 £
Raw materials and consumables	369,038	450,856
Work in progress	198,452	134,524
Finished goods and goods for resale	158,724	219,217
	<u>726,214</u>	<u>804,597</u>

Stock recognised in cost of sales during the year as an expense was £6,168,547 (2018: £5,559,905).

Stock is stated after impairment of £21,812 (2018: £25,864).

SALOP DESIGN & ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

17. Debtors

	2019 £	2018 £
Due after more than one year		
Amounts owed by joint ventures and associated undertakings	40,000	-
	<u>40,000</u>	<u>-</u>
	2019 £	2018 £
Due within one year		
Trade debtors	2,844,073	2,734,102
Amounts owed by joint ventures and associated undertakings	122,080	107,000
Other debtors	16,006	15,878
Prepayments and accrued income	166,655	223,349
	<u>3,148,814</u>	<u>3,080,329</u>

18. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	94,597	627,157
	<u>94,597</u>	<u>627,157</u>

19. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,809,084	2,178,255
Corporation tax	149	-
Other taxation and social security	191,838	111,898
Other creditors	140,060	148,202
Accruals and deferred income	344,905	293,059
	<u>2,486,036</u>	<u>2,731,414</u>

SALOP DESIGN & ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

20. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Amounts owed to group undertakings	1,125,000	1,100,000
	<u>1,125,000</u>	<u>1,100,000</u>

Amounts owed to group undertakings above are secured through a debenture over all property and assets of the company.

The loan has no fixed repayment date, interest is charged on the loan at a rate decided between the two companies.

21. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>3,022,159</u>	<u>2,856,980</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(3,278,989)</u>	<u>(3,571,314)</u>

Financial assets measured at amortised cost comprise of trade debtors, other debtors, due from connected entities and due from group companies.

Financial liabilities measured at amortised cost comprise of trade creditors, accruals and amounts due to group companies.

22. Deferred taxation

	2019 £
At beginning of year	(235,407)
Charged to the profit or loss	74,778
At end of year	<u><u>(160,629)</u></u>

SALOP DESIGN & ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

22. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(160,629)	(235,407)
	<u>(160,629)</u>	<u>(235,407)</u>

23. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
20,100 (2018 - 20,100) Ordinary shares of £1.00 each	<u>20,100</u>	<u>20,100</u>

24. Reserves

Profit & loss account

This reserve represents the value of the cumulative retained profits and losses of the company since incorporation, less distribution made to Shareholders.

25. Pension commitments

The Company operates a defined contributions pension scheme for the benefits of directors and senior employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £19,122 (2018: £24,107).

26. Commitments under operating lease

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	42,400	33,810
Later than 1 year and not later than 5 years	86,008	89,037
Total	<u>128,408</u>	<u>122,847</u>

SALOP DESIGN & ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

27. Transactions with directors

During the year the Company has operated a loan account with a director. At the end of the year the loan amount outstanding was £15,733 (2018: £15,275) and this amount is included within other debtors, interest has been charged on this loan account of £458 (2018: £445).

28. Related party transactions

As the Company is a wholly owned subsidiary of R A Homden Limited, the Company has taken advantage of the exemption contained in FRS102 and has therefore not disclosed transactions or balances with entities which form part of the group. The group consolidated financial statements of R A Homden Limited, the ultimate parent company, can be obtained from Companies House.

During the year expenses of £4,926 (2018: £11,056) were recharged to In-Comm Training Academy Shropshire Limited, a joint venture entity.

Included in debtors due within 1 year are balances due from In-Comm Training Academy Shropshire Limited, a joint venture entity. This amounted to £124,848 (2018: £125,306) at the year end.

During the year expenditure of £27,001 was incurred from In-Comm Training Academy, included within creditors (within 1 year is a balance of £1,746 (2018: £0).

During the year expenses of £78,452 (2018: £59,749) were recharged to Salop Haulage Limited, a company controlled by Salop Design & Engineering Limited. Included within debtors due within 1 year is a balance due from Salop Haulage of £12,218 (2018: 6,478).

During the year there have been purchases of £362,984 (2018: £413,160) from Salop Haulage Limited, a company controlled by Salop Design & Engineering Limited. Included within creditors due within 1 year is a balance of £77,615 (2018: 124,753) due to Salop Haulage Limited.

29. Controlling party

The immediate and ultimate parent undertaking is R A Homden Limited, a company registered in England. The company is under control of G Homden, a director, due to her controlling interest in the voting share capital of R A Homden Limited.