

**STRATEGIC REPORT,  
REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE PERIOD  
1 APRIL 2019 TO 7 APRIL 2020  
FOR  
ARROWSMITH ENGINEERING (COVENTRY) LTD**

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**for the period 1 April 2019 to 7 April 2020**

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**ARROWSMITH ENGINEERING (COVENTRY) LTD**

**COMPANY INFORMATION**  
**for the period 1 April 2019 to 7 April 2020**

**DIRECTORS:**

Mr J D Aldridge  
Mr W R J Rawkins  
Apadana Management Ltd

**REGISTERED OFFICE:**

50 Bayton Road  
Exhall  
Coventry  
West Midlands  
CV7 9EJ

**REGISTERED NUMBER:**

00900323 (England and Wales)

**AUDITORS:**

Luckmans Duckett Parker Limited  
Chartered Accountants  
Statutory Auditors  
1110 Elliott Court  
Herald Avenue  
Coventry Business Park  
Coventry  
West Midlands  
CV5 6UB

**STRATEGIC REPORT**  
**for the period 1 April 2019 to 7 April 2020**

The directors present their strategic report for the period 1 April 2019 to 7 April 2020.

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company was that of the manufacture of precision engineered aerospace components.

The directors are pleased with the profit achieved on ordinary activities for the year and the state of affairs at the balance sheet date. This profit has been generated on the back of the Company's focus on customer service and maintaining high standards of quality and delivery. The Board recognise that the next financial year will be a challenging year, given the pandemic, world economic environment, state of the aerospace industry and the implications of the exit of the United Kingdom from the European Union.

Turnover for the year was up 22.4% in the year to £7.96m (2018: £6.51m) and a gross profit margin of 38.6% was achieved (2018: 38.2%). The company generated a profit before tax of £778,339 (2018: £518,359). This was ahead of last year's performance and in line with management's expectations for the year.

The growth in turnover during the year continued the trend of the previous few years and is down to the company growing with its customers and the demands of the aerospace sector. The balance sheet remains strong with net assets of £2,626,663 (2018: 1,758,790) and current assets (inclusive of intercompany balances) of £6,171,525 (2018: £4,233,161) which are 1.39 times (2018: 1.35 times) larger than current liabilities.

Overall the 2020 financial year was a good year with increasing revenue profitability.

Given the nature of the business, the Company's directors are of the opinion that analysis using KPI's, other than those which emerge from the financial statements and discussed in the business review above, are not necessary for an understanding of the Company.

**STRATEGIC REPORT**  
**for the period 1 April 2019 to 7 April 2020**

**PRINCIPAL RISKS AND UNCERTAINTIES**

In common with all trading businesses, the company is exposed to a variety of risks in the conduct of its normal business operations, the company maintains a range of insurance policies against major identified insurable risks. The Company's principal financial instruments comprise an invoice discounting facility and cash. The main purpose of these financial instruments is to raise finance for the company's operations. The company has various other financial instruments such as trade debtors and trade creditors, which arise from its operations. The company does not enter into derivative transactions and has a policy that no trading in financial instruments shall be undertaken.

While it is not possible to completely record or quantify every material risk, below is summary of those risks that the directors believe are most significant to the company's business:

**Liquidity Risk**

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of an invoice discounting facility.

**Credit Risk**

The company trades with only recognised, credit worthy third parties. It is company's policy that all customers who wish to trade on credit terms are subject to credit check procedures. Customers are reviewed throughout the year and recoverable balances are monitored on an on-going basis.

**Brexit and Trade**

In common with all businesses, the company is exposed to the uncertainties surrounding the final outcome of the exit of the United Kingdom from the European Union. The main risks are from changes in foreign currency exchange rates, the impact of tariffs and other increased costs of doing business, and the impact of delays in bringing in product from the European Union. The company does not expect these to have significant impact on trading but, where possible, has taken steps to minimise their impact.

**Pandemics**

The current global COVID-19 pandemic has had an impact on the industries served by the Company and has had an impact on the revenue of the Company. The Aerospace industry was affected due to the lockdowns of countries throughout the world and the various travel bans imposed in the United Kingdom and the wider world. The full impact may not be known until later in 2020 or in 2021 and as the government guidance changes. There will certainly be a recovery period which is likely to be a number of years.

Given the nature of the company's business other risks include the following:

- Competition selling similar products at lower prices.
- Ensuring that company's UK based manufacturing costs are globally competitive.
- Global or regional recession reducing demand.
- Difficulty in maintaining margins in the face of commodity or exchange rate fluctuations.
- Product related legislation.

The directors continue to assess the risk and opportunities arising from the above and take action to mitigate any adverse impact.

**FUTURE DEVELOPMENTS**

Being a part of the Aero Services Global Group Limited will ensure the continued development of its business offering to the Aerospace industry and further investment in the Company.

**RESEARCH AND DEVELOPMENT ACTIVITIES**

The Company are specialists in development works for major world aerospace companies and help to develop parts for the most advanced aerospace engines in the world. They aim to stay at the forefront of machining technology and techniques and are involved in several NATEP projects.

**STRATEGIC REPORT**  
**for the period 1 April 2019 to 7 April 2020**

**GOING CONCERN**

The directors have prepared forecasts to 31 March 2023 to assist them in making an assessment in preparing these financial statements as to whether the Company is expected to be a going concern for a period of at least 12 months from the approval of these accounts and have concluded that there are no material uncertainties that may cast doubt on the Company's ability to continue as a going concern.

**ON BEHALF OF THE BOARD:**

Mr J D Aldridge - Director

22 September 2020

**REPORT OF THE DIRECTORS  
for the period 1 April 2019 to 7 April 2020**

The directors present their report with the financial statements of the company for the period 1 April 2019 to 7 April 2020.

**DIVIDENDS**

No dividends will be distributed for the period ended 7 April 2020.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

Mr J D Aldridge  
Mr W R J Rawkins  
Apadana Management Ltd

**DISCLOSURE IN THE STRATEGIC REPORT**

Included in the Strategic Report is the business review, details of principal risk and uncertainties, key performance indicators, future developments, research and development activities, consideration of going concern and post balance sheet events.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**REPORT OF THE DIRECTORS  
for the period 1 April 2019 to 7 April 2020**

**AUDITORS**

The auditors, Luckmans Duckett Parker Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

Mr J D Aldridge - Director

22 September 2020



## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ARROWSMITH ENGINEERING (COVENTRY) LTD**

### **Qualified opinion**

We have audited the financial statements of Arrowsmith Engineering (Coventry) Limited for the period ended which 7 April 2020 comprise of an Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the company's affairs as at 7 April 2020 and of the company's 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 qualified opinion**

The financial statements for the year ended 31st March 2019 were not audited and thus we did not observe the counting of physical inventories at the year end. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 31st March 2019, which are included in the balance sheet at £664,684, by using other audit procedures. Consequently we were unable to determine whether any adjustment to this amount was necessary.

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

### **Key audit matters**

Except for the matter described in the basis for qualified opinion section, we have determined that there are no key audit matters to be communicated in our report.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ARROWSMITH ENGINEERING (COVENTRY) LTD**

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory quantities of £664,684 held at 31st March 2019. We have concluded that where the other information refers to the inventory balance or related balances such as cost of sales, it may be materially misstated for the same reason.

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

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 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.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ARROWSMITH ENGINEERING (COVENTRY) LTD**

### **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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

### **Other matters which we are required to address**

The comparative figures for the year ending 31st March 2019 are unaudited.

### **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 a Report of the Auditors 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.

Mark Spafford FCCA ACA (Senior Statutory Auditor)  
for and on behalf of Luckmans Duckett Parker Limited  
Chartered Accountants  
Statutory Auditors  
1110 Elliott Court  
Herald Avenue  
Coventry Business Park  
Coventry  
West Midlands  
CV5 6UB

29 September 2020

**INCOME STATEMENT**  
for the period 1 April 2019 to 7 April 2020

	Notes	Period 1.4.19 to 7.4.20 £	Year Ended 31.3.19 £
<b>TURNOVER</b>	3	7,962,128	6,507,691
Cost of sales		<u>4,890,993</u>	<u>4,023,742</u>
<b>GROSS PROFIT</b>		3,071,135	2,483,949
Administrative expenses		<u>2,212,484</u> 858,651	<u>1,892,940</u> 591,009
Other operating income		<u>29,819</u>	<u>26,880</u>
<b>OPERATING PROFIT</b>	5	888,470	617,889
Interest payable and similar expenses	6	<u>110,131</u>	<u>99,530</u>
<b>PROFIT BEFORE TAXATION</b>		778,339	518,359
Tax on profit	7	<u>(89,534)</u>	<u>(155,577)</u>
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		<u>867,873</u>	<u>673,936</u>

The notes form part of these financial statements

**OTHER COMPREHENSIVE INCOME**  
for the period 1 April 2019 to 7 April 2020

	Notes	Period 1.4.19 to 7.4.20 £	Year Ended 31.3.19 £
<b>PROFIT FOR THE PERIOD</b>		867,873	673,936
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u>867,873</u>	<u>673,936</u>

**BALANCE SHEET**  
7 April 2020

	Notes	2020 £	£	2019 £	£
<b>FIXED ASSETS</b>					
Tangible assets	8		1,155,677		1,011,010
Investments	9		<u>14,079</u>		<u>14,079</u>
			1,169,756		1,025,089
<b>CURRENT ASSETS</b>					
Stocks	10	998,324		664,684	
Debtors	11	4,402,307		3,304,176	
Cash at bank and in hand		<u>770,894</u>		<u>264,301</u>	
		6,171,525		4,233,161	
<b>CREDITORS</b>					
Amounts falling due within one year	12	<u>4,437,990</u>		<u>3,134,371</u>	
<b>NET CURRENT ASSETS</b>			<u>1,733,535</u>		<u>1,098,790</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			2,903,291		2,123,879
<b>CREDITORS</b>					
Amounts falling due after more than one year	13		(149,786)		(272,817)
<b>PROVISIONS FOR LIABILITIES</b>	17		<u>(126,842)</u>		<u>(92,272)</u>
<b>NET ASSETS</b>			<u><u>2,626,663</u></u>		<u><u>1,758,790</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		100		100
Retained earnings	19		<u>2,626,563</u>		<u>1,758,690</u>
<b>SHAREHOLDERS' FUNDS</b>			<u><u>2,626,663</u></u>		<u><u>1,758,790</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 22 September 2020 and were signed on its behalf by:

Mr J D Aldridge - Director

**STATEMENT OF CHANGES IN EQUITY**  
for the period 1 April 2019 to 7 April 2020

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 April 2018</b>	100	1,084,754	1,084,854
<b>Changes in equity</b>			
Total comprehensive income	-	673,936	673,936
<b>Balance at 31 March 2019</b>	100	1,758,690	1,758,790
<b>Changes in equity</b>			
Total comprehensive income	-	867,873	867,873
<b>Balance at 7 April 2020</b>	100	2,626,563	2,626,663

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the period 1 April 2019 to 7 April 2020**

**1. STATUTORY INFORMATION**

Arrowsmith Engineering (Coventry) Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

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

- the requirements of Section 7 Statement of Cash Flows.

**Preparation of consolidated financial statements**

The financial statements contain information about Arrowsmith Engineering (Coventry) Ltd as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Aero Services Global Group Ltd, C/O A2e Industries, No.1 Marsden Street, Manchester, England, M2 1HW.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- Unexpired Term of Lease
Plant and machinery	- 10% on cost
Fixtures and fittings	- 10% on cost
Computer equipment	- 10% on cost

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost less any provision for impairment.

**Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition. Work in progress include labour and attributable overheads and finished goods are valued at sales price less margin.



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the period 1 April 2019 to 7 April 2020**

**2. ACCOUNTING POLICIES - continued**

**Taxation**

Taxation for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**Government grants**

Revenue grants are charged to the profit and loss account when the expenditure is incurred. Capital grants are recorded on the balance sheet and unwound over the life of the asset they relate to.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the period 1 April 2019 to 7 April 2020

**3. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	Period 1.4.19 to 7.4.20 £	Year Ended 31.3.19 £
United Kingdom	5,981,396	3,945,123
Overseas	1,980,732	2,562,568
	<u>7,962,128</u>	<u>6,507,691</u>

**4. EMPLOYEES AND DIRECTORS**

	Period 1.4.19 to 7.4.20 £	Year Ended 31.3.19 £
Wages and salaries	2,711,024	2,314,641
Social security costs	268,508	221,428
Other pension costs	71,009	43,230
	<u>3,050,541</u>	<u>2,579,299</u>

The average number of employees during the period was as follows:

	Period 1.4.19 to 7.4.20	Year Ended 31.3.19
Production	55	49
Office and management	19	16
	<u>74</u>	<u>65</u>

	Period 1.4.19 to 7.4.20 £	Year Ended 31.3.19 £
Directors' remuneration	163,000	128,400
Directors' pension contributions to money purchase schemes	<u>7,136</u>	<u>7,462</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
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**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the period 1 April 2019 to 7 April 2020

**5. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	Period 1.4.19 to 7.4.20 £	Year Ended 31.3.19 £
Hire of plant and machinery	24,026	27,125
Other operating leases	11,392	11,250
Depreciation - owned assets	162,947	39,727
Depreciation - assets on hire purchase contracts	-	95,565
Profit on disposal of fixed assets	-	(3,200)
Foreign exchange differences	<u>542</u>	<u>496</u>

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	Period 1.4.19 to 7.4.20 £	Year Ended 31.3.19 £
Bank and other loan interest	2,024	10,171
Other interest	-	4,403
Invoice discounting interest	49,832	44,942
Hire purchase interest	<u>58,275</u>	<u>40,014</u>
	<u>110,131</u>	<u>99,530</u>

**7. TAXATION****Analysis of the tax credit**

The tax credit on the profit for the period was as follows:

	Period 1.4.19 to 7.4.20 £	Year Ended 31.3.19 £
Current tax: UK corporation tax	(124,104)	(142,054)
Deferred tax	<u>34,570</u>	<u>(13,523)</u>
Tax on profit	<u>(89,534)</u>	<u>(155,577)</u>

UK corporation tax has been charged at 19% .

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the period 1 April 2019 to 7 April 2020

**7. TAXATION - continued****Reconciliation of total tax credit included in profit and loss**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1.4.19 to 7.4.20 £	Year Ended 31.3.19 £
Profit before tax	<u>778,339</u>	<u>518,359</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	147,884	98,488
Effects of:		
Expenses not deductible for tax purposes	1,671	627
Depreciation in excess of capital allowances	10,054	8,846
Adjustments to tax charge in respect of previous periods	-	(152)
Research and development tax credit	(241,199)	(226,355)
Fixed asset differences	(7,944)	(37,031)
Total tax credit	<u>(89,534)</u>	<u>(155,577)</u>

**8. TANGIBLE FIXED ASSETS**

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>					
At 1 April 2019	178,200	1,951,297	92,280	69,577	2,291,354
Additions	-	278,994	6,370	22,250	307,614
At 7 April 2020	<u>178,200</u>	<u>2,230,291</u>	<u>98,650</u>	<u>91,827</u>	<u>2,598,968</u>
<b>DEPRECIATION</b>					
At 1 April 2019	25,121	1,160,460	61,022	33,741	1,280,344
Charge for period	12,106	138,802	5,499	6,540	162,947
At 7 April 2020	<u>37,227</u>	<u>1,299,262</u>	<u>66,521</u>	<u>40,281</u>	<u>1,443,291</u>
<b>NET BOOK VALUE</b>					
At 7 April 2020	<u>140,973</u>	<u>931,029</u>	<u>32,129</u>	<u>51,546</u>	<u>1,155,677</u>
At 31 March 2019	<u>153,079</u>	<u>790,837</u>	<u>31,258</u>	<u>35,836</u>	<u>1,011,010</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the period 1 April 2019 to 7 April 2020

**8. TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1 April 2019	1,704,202	69,354	46,834	1,820,390
Additions	74,560	-	-	74,560
Transfer to ownership	<u>(1,778,762)</u>	<u>(69,354)</u>	<u>(46,834)</u>	<u>(1,894,950)</u>
At 7 April 2020	-	-	-	-
<b>DEPRECIATION</b>				
At 1 April 2019	1,068,536	54,103	31,838	1,154,477
Transfer to ownership	<u>(1,068,536)</u>	<u>(54,103)</u>	<u>(31,838)</u>	<u>(1,154,477)</u>
At 7 April 2020	-	-	-	-
<b>NET BOOK VALUE</b>				
At 7 April 2020	-	-	-	-
At 31 March 2019	<u>635,666</u>	<u>15,251</u>	<u>14,996</u>	<u>665,913</u>

**9. FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
<b>COST</b>	
At 1 April 2019 and 7 April 2020	<u>135,696</u>
<b>PROVISIONS</b>	
At 1 April 2019 and 7 April 2020	<u>121,617</u>
<b>NET BOOK VALUE</b>	
At 7 April 2020	<u>14,079</u>
At 31 March 2019	<u>14,079</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

**Exhall Grinding and Engineering Company Limited**

Registered office: 50 Bayton Road, Exhall, Coventry, CV7 9DW

Nature of business: engineering

Class of shares:	% holding
Ordinary	100.00

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the period 1 April 2019 to 7 April 2020

**10. STOCKS**

	2020	2019
	£	£
Raw materials	242,277	92,260
W I P and finished goods	<u>756,047</u>	<u>572,424</u>
	<u>998,324</u>	<u>664,684</u>

**11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Trade debtors	2,077,080	1,977,877
Amounts owed by group undertakings	2,088,736	813,202
Other debtors	17,400	296,146
Tax	124,104	141,902
Prepayments	<u>94,987</u>	<u>75,049</u>
	<u>4,402,307</u>	<u>3,304,176</u>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Other loans (see note 14)	-	85,000
Hire purchase contracts (see note 15)	-	215,333
Trade creditors	738,857	725,033
Amounts owed to group undertakings	2,181,215	93,546
Social security and other taxes	235,290	56,459
Other creditors	12,217	6,816
Invoice discounting current account	1,114,614	1,775,671
Accrued expenses	133,108	157,904
Deferred government grants	<u>22,689</u>	<u>18,609</u>
	<u>4,437,990</u>	<u>3,134,371</u>

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2020	2019
	£	£
Hire purchase contracts (see note 15)	-	137,212
Deferred government grants	<u>149,786</u>	<u>135,605</u>
	<u>149,786</u>	<u>272,817</u>

**14. LOANS**

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Other loans	<u>-</u>	<u>85,000</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the period 1 April 2019 to 7 April 2020

**15. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2020	2019
	£	£
Gross obligations repayable:		
Within one year	-	248,726
Between one and five years	-	151,047
	<u>-</u>	<u>399,773</u>
Finance charges repayable:		
Within one year	-	33,393
Between one and five years	-	13,835
	<u>-</u>	<u>47,228</u>
Net obligations repayable:		
Within one year	-	215,333
Between one and five years	-	137,212
	<u>-</u>	<u>352,545</u>
	Non-cancellable operating leases	
	2020	2019
	£	£
Within one year	-	26,907
Between one and five years	33,583	17,942
In more than five years	391,500	449,500
	<u>425,083</u>	<u>494,349</u>

**16. SECURED DEBTS**

The following secured debts are included within creditors:

	2020	2019
	£	£
Other loans	-	85,000
Hire purchase contracts	-	352,545
Invoice discounting account	1,114,614	1,775,671
	<u>1,114,614</u>	<u>2,213,216</u>

Close Brothers Invoice Finance hold an all assets debenture consisting of a fixed and floating charge over all of the assets of the company.

**17. PROVISIONS FOR LIABILITIES**

	2020	2019
	£	£
Deferred taxation	<u>126,842</u>	<u>92,272</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the period 1 April 2019 to 7 April 2020

**17. PROVISIONS FOR LIABILITIES - continued**

	Deferred tax £
Balance at 1 April 2019	92,272
Provided during period	<u>34,570</u>
Balance at 7 April 2020	<u>126,842</u>

**18. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2020	2019
			£	£
100	Ordinary shares	£1	<u>100</u>	<u>100</u>

**19. RESERVES**

	Retained earnings £
At 1 April 2019	1,758,690
Profit for the period	<u>867,873</u>
At 7 April 2020	<u>2,626,563</u>

**20. ULTIMATE PARENT COMPANY**

The immediate parent undertaking of Arrowsmith Engineering (Coventry) Limited is A B Engineering Limited, a company registered in England and Wales, by virtue of it holding the entire share capital of the company.

Aero Services Global Group Ltd is regarded by the directors as being the company's ultimate parent company.



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