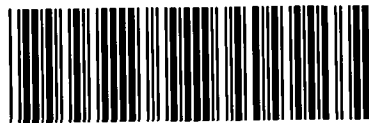


**G W ATKINS & SONS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 OCTOBER 2017**

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**G W ATKINS & SONS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	C R F Shield P P Danes
<b>Company secretary</b>	C R F Shield
<b>Registered number</b>	00944323
<b>Registered office</b>	365 Fosse Way Syston Leicester LE7 1NL
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Regent House 80 Regent Road Leicester LE1 7NH
<b>Bankers</b>	National Westminster Bank plc 1 Granby Street Leicester LE1 9GT

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**G W ATKINS & SONS LIMITED**

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## G W ATKINS & SONS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2017

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#### Introduction

The principal activity of the year under review was that of the production and sale of precision aluminium components.

#### Business review

The business has experienced some very challenging trading through the period due to below marketplace pricing and challenging customer demand. The introduction of new customer projects into the business has caused considerable inefficiencies and costs in development. Although there has been some recovery in business performance towards the end of the year the management only expects this to really develop positively in the next financial year. During the year and post year end the company has resolved all its commercial issues with customers and combined with the introduction of large amounts of new business the management believe that the turnaround of the business will be successfully concluded in the near future.

#### Principal risks and uncertainties

The key risks and uncertainties affecting the company are considered to relate to competition from overseas suppliers, global demand for our customer products and raw material costs. The company is well positioned with a capable supply chain, strong workforce and management team and growing reserves to meet these challenges allowing continual investment into the future.

#### Financial key performance indicators

Turnover for the company increased by 42% in 2017. The directors are satisfied with the overall level of turnover in light of challenging trading conditions which has impacted on margins.

#### Other key performance indicators

There are no significant non-financial key performance indicators which are relevant to understanding the position of the business.

This report was approved by the board on 22 August 2018 and signed on its behalf.



C R F Shield  
Director

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## G W ATKINS & SONS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2017

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The directors present their report and the financial statements for the year ended 31 October 2017.

#### **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 loss for the year, after taxation, amounted to £2,845,231 (2016 - loss £619,600).

The directors do not recommend payment of an ordinary dividend.

#### **Directors**

The directors who served during the year were:

C R F Shield  
P P Danes

#### **Future developments**

Future developments have been detailed in the strategic report.

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## G W ATKINS & SONS LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2017

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#### Financial instruments

The company uses financial instruments, other than derivatives, comprising cash and other liquid resources and various other items such as trade debtors, hire purchase, trade creditors and inter-company loans that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company's financial instruments are credit risk, liquidity risk and interest rate risk. The directors review and agree policies for managing each of these risks and they are summarized below. The policies have remained unchanged from previous periods.

#### Credit risk

In order to limit credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Debtor balances are reviewed on a regular basis in conjunction with debt ageing and collection history.

#### Liquidity risk

The company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely and profitably.

#### Interest rate risk

The company finances its operations through a mixture of retained profits, hire purchase and related company loans. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

#### Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

#### Post balance sheet events

In April 2018 £3m of the £6.7m loan owed to Shield Engineering (Syston) Limited was formally waived. This will have a positive impact on net assets in the financial statements for the year ended 31 October 2018.

In July 2018 the company entered into a sale and operating leaseback on its property. The property has been stated at its net sale proceeds in these accounts as a revaluation uplift.

#### Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22 August 2018 and signed on its behalf.



C R F Shield  
Director



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF G W ATKINS & SONS LIMITED

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### Opinion

We have audited the financial statements of G W Atkins & Sons Limited for the year ended 31 October 2017, 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 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### 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.

### Who we are reporting to

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 Auditor's 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.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF G W ATKINS & SONS LIMITED  
(CONTINUED)**

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**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.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and the Directors' Report but does not include the financial statements and our Auditor's 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.





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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF G W ATKINS & SONS LIMITED  
(CONTINUED)**

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**Matters on which we are required to report by the Companies Act 2006**

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.

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

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 for the financial statements**

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.



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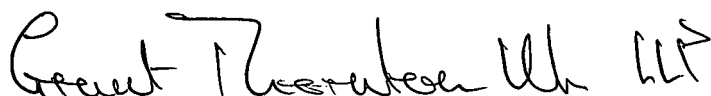
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF G W ATKINS & SONS LIMITED  
(CONTINUED)**

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**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 Auditor's 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](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's report.



Christopher Frostwick (Senior statutory auditor)

for and on behalf of  
**Grant Thornton UK LLP**

Chartered Accountants  
Statutory Auditor

Leicester

22 August 2018

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**G W ATKINS & SONS LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 OCTOBER 2017**

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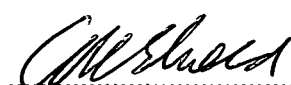
	Note	2017 £	2016 £
Turnover	4	14,227,105	9,404,344
Cost of sales		(13,957,035)	(7,809,396)
<b>Gross profit</b>		<b>270,070</b>	<b>1,594,948</b>
Administrative expenses		(3,393,512)	(2,225,931)
Other operating income	5	83,966	20,692
<b>Operating loss</b>	6	<b>(3,039,476)</b>	<b>(610,291)</b>
Interest payable and expenses		(17,072)	-
<b>Loss before tax</b>		<b>(3,056,548)</b>	<b>(610,291)</b>
Tax on loss	10	211,317	(9,309)
<b>Loss for the financial year</b>		<b>(2,845,231)</b>	<b>(619,600)</b>
<b>Other comprehensive income for the year</b>			
Unrealised surplus on revaluation of tangible fixed assets	11	4,804,090	-
Net deferred taxation on revaluation	17	(552,000)	-
<b>Other comprehensive income for the year</b>		<b>4,252,090</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>1,406,859</b>	<b>(619,600)</b>

**G W ATKINS & SONS LIMITED**  
**REGISTERED NUMBER:00944323**

**BALANCE SHEET**  
**AS AT 31 OCTOBER 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	11	10,467,513	3,662,762
		<u>10,467,513</u>	<u>3,662,762</u>
<b>Current assets</b>			
Stocks	12	979,965	933,959
Debtors: amounts falling due within one year	13	4,338,871	2,875,600
Cash at bank and in hand	14	301	272,906
		<u>5,319,137</u>	<u>4,082,465</u>
Creditors: amounts falling due within one year	15	(13,034,284)	(8,263,548)
<b>Net current liabilities</b>		<u>(7,715,147)</u>	<u>(4,181,083)</u>
<b>Total assets less current liabilities</b>		<u>2,752,366</u>	<u>(518,321)</u>
Creditors: amounts falling due after more than one year	15	(1,321,145)	-
<b>Provisions for liabilities</b>			
Deferred tax	17	(559,004)	(16,321)
		<u>(559,004)</u>	<u>(16,321)</u>
<b>Net assets/(liabilities)</b>		<u><u>872,217</u></u>	<u><u>(534,642)</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	60,000	60,000
Revaluation reserve	19	4,252,090	-
Profit and loss account	19	(3,439,873)	(594,642)
		<u><u>872,217</u></u>	<u><u>(534,642)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 August 2018.



**C R F Shield**

Director

The notes on pages 11 to 24 form part of these financial statements.

**G W ATKINS & SONS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 OCTOBER 2017**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 November 2016	60,000	-	(594,642)	(534,642)
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(2,845,231)	(2,845,231)
Surplus on revaluation of freehold property	-	4,804,090	-	4,804,090
Net deferred taxation on revaluation	-	(552,000)	-	(552,000)
<b>Other comprehensive income for the year</b>	-	4,252,090	-	4,252,090
<b>Total comprehensive income for the year</b>	-	4,252,090	(2,845,231)	1,406,859
<b>Total transactions with owners</b>	-	-	-	-
<b>At 31 October 2017</b>	<b>60,000</b>	<b>4,252,090</b>	<b>(3,439,873)</b>	<b>872,217</b>

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 November 2015	60,000	24,958	84,958
<b>Comprehensive income for the year</b>			
Loss for the year	-	(619,600)	(619,600)
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	(619,600)	(619,600)
<b>Total transactions with owners</b>	-	-	-
<b>At 31 October 2016</b>	<b>60,000</b>	<b>(594,642)</b>	<b>(534,642)</b>

The notes on pages 11 to 24 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017**

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**1. General information**

The principal activity of the year under review was that of the production and sale of precision aluminium components. The company is registered in England and its registered office is 365 Fosse Way, Syston, Leicester, LE7 1NL.

**2. Accounting policies**

**2.1 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 following principal accounting policies have been applied:

**2.2 Going concern**

The company made a loss in the year and has net current liabilities. Notwithstanding this, the directors believe that it is appropriate to adopt the going concern basis in the preparation of the financial statements. In reaching this conclusion the directors have taken into account the group support provided together with the future prospects of the business.

**2.3 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. Turnover is recognised when goods are despatched.

**2.4 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.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% on cost
Plant & machinery	- 7 years straight line
Motor vehicles	- 3 years straight line
Fixtures & fittings	- 3 years 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017

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**2. Accounting policies (continued)**

**2.5 Revaluation of tangible fixed assets**

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

**2.6 Stocks and work in progress**

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 stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**2.7 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.

**2.8 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017

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**2. Accounting policies (continued)**

**2.9 Financial instruments**

The Company only enters into basic financial instruments 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.

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.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.10 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.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017

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**2. Accounting policies (continued)**

**2.11 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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

**2.12 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.

**2.13 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017

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**2. Accounting policies (continued)**

**2.14 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.

**2.15 Borrowing costs**

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

**2.16 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017

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**2. Accounting policies (continued)**

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

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

**Judgements in applying accounting policies:**

The directors must judge whether all the conditions required for turnover to be recognised in the profit and loss account of the financial year, as set out in note 2.3 above, have been met.

**Sources of estimation uncertainty:**

Depreciation rates are based on estimates of the useful lives and residual value of the assets involved (see note 2.4);

Slow moving stock provisions are based on estimates of the likely recoverable amounts (see note 2.6).

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**G W ATKINS & SONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017**

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**4. Turnover**

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

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Sales of precision aluminium components	<b>14,227,105</b>	9,404,344
	<b>14,227,105</b>	9,404,344

All turnover arose within the United Kingdom.

**5. Other operating income**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Net rents receivable	<b>83,966</b>	20,692
	<b>83,966</b>	20,692

**6. Operating loss**

The operating loss is stated after charging:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	<b>407,166</b>	94,008
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<b>12,000</b>	11,000
Exchange differences	<b>24,285</b>	9,586
Defined contribution pension cost	<b>58,461</b>	66,365

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**G W ATKINS & SONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017**

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**7. Employees**

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

	2017 £	2016 £
Wages and salaries	3,503,874	2,896,094
Social security costs	332,632	261,392
Cost of defined contribution scheme	58,461	66,365
	<u>3,894,967</u>	<u>3,223,851</u>

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

	2017 No.	2016 No.
Total	<u>138</u>	<u>149</u>

**8. Directors' remuneration**

	2017 £	2016 £
Directors' emoluments	100,224	101,433
Company contributions to defined contribution pension schemes	5,299	4,900
	<u>105,523</u>	<u>106,333</u>

During the year retirement benefits were accruing to no directors (2016 - NIL) in respect of defined contribution pension schemes.

**9. Interest payable and similar charges**

	2017 £	2016 £
Bank and loan interest payable	6,505	-
Finance leases and hire purchase contracts	10,567	-
	<u>17,072</u>	<u>-</u>

**G W ATKINS & SONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017**

**10. Taxation**

	2017 £	2016 £
<b>Corporation tax</b>		
Current tax on profits for the year	-	4,138
Adjustments in respect of previous periods (2016 group relief)	(202,000)	-
	<u>(202,000)</u>	<u>4,138</u>
<b>Total current tax</b>	<u>(202,000)</u>	<u>4,138</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(9,317)	5,171
<b>Total deferred tax</b>	<u>(9,317)</u>	<u>5,171</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(211,317)</u>	<u>9,309</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2016 - *higher than*) the standard rate of corporation tax in the UK of 19.41% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	<u>(3,056,548)</u>	<u>(610,291)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.41% (2016 - 20%)	(593,276)	(122,058)
<b>Effects of:</b>		
Deferred tax differences	2,900	(10,552)
Tax losses (not recognised)	581,059	-
Prior year adjustment	(202,000)	-
Group relief	-	141,919
<b>Total tax charge for the year</b>	<u>(211,317)</u>	<u>9,309</u>

**G W ATKINS & SONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017**

**11. Tangible fixed assets**

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
<b>Cost or valuation</b>					
At 1 November 2016	3,100,910	659,029	15,333	9,080	3,784,352
Additions	-	2,396,166	-	11,661	2,407,827
Revaluations	4,769,090	-	-	-	4,769,090
At 31 October 2017	<u>7,870,000</u>	<u>3,055,195</u>	<u>15,333</u>	<u>20,741</u>	<u>10,961,269</u>
<b>Depreciation</b>					
At 1 November 2016	20,000	95,581	2,982	3,027	121,590
Charge for the year on owned assets	15,000	114,192	5,111	6,914	141,217
Charge for the year on financed assets	-	265,949	-	-	265,949
On revalued assets	(35,000)	-	-	-	(35,000)
At 31 October 2017	<u>-</u>	<u>475,722</u>	<u>8,093</u>	<u>9,941</u>	<u>493,756</u>
<b>Net book value</b>					
At 31 October 2017	<u>7,870,000</u>	<u>2,579,473</u>	<u>7,240</u>	<u>10,800</u>	<u>10,467,513</u>
At 31 October 2016	<u>3,080,910</u>	<u>563,448</u>	<u>12,351</u>	<u>6,053</u>	<u>3,662,762</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Plant and machinery	1,595,699	-
	<u>1,595,699</u>	<u>-</u>

In July 2018 the company entered into a sale and operating leaseback on its property. The property has been stated at its net sale proceeds in these accounts as a revaluation uplift net of deferred taxation.

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**G W ATKINS & SONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017**

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**12. Stocks**

	2017 £	2016 £
Raw materials and consumables	540,013	435,097
Work in progress (goods to be sold)	411,868	466,580
Finished goods and goods for resale	28,084	32,282
	<u>979,965</u>	<u>933,959</u>

Stock recognised in cost of sales during the year as an expense was £8,621,004 (2016: £4,007,889).

**13. Debtors**

	2017 £	2016 £
Trade debtors	4,107,986	2,693,007
Other debtors	115,182	17,860
Prepayments and accrued income	83,316	164,733
VAT recoverable	32,387	-
	<u>4,338,871</u>	<u>2,875,600</u>

A bad debt provision of £Nil (2016: - £Nil) was offset against trade debtors and the cost recognised within administrative expenses.

**14. Cash and cash equivalents**

	2017 £	2016 £
Cash at bank and in hand	301	272,906
Less: bank overdrafts	(40,916)	-
	<u>(40,615)</u>	<u>272,906</u>



**G W ATKINS & SONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017**

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

	2017 £	2016 £
Bank overdrafts	40,916	-
Other loans	178,440	-
Trade creditors	4,228,263	2,037,974
Amounts owed to related undertakings	7,591,452	5,941,526
Corporation tax	4,138	4,138
Other taxation and social security	156,890	83,558
Obligations under finance lease and hire purchase contracts	358,830	-
Other creditors	200,000	800
Accruals and deferred income	275,355	195,552
	<u>13,034,284</u>	<u>8,263,548</u>

**16. Creditors: Amounts falling due after more than one year**

	2017 £	2016 £
Other loans	212,044	-
Net obligations under finance leases and hire purchase contracts	1,109,101	-
	<u>1,321,145</u>	<u>-</u>

**17. Deferred taxation**

	2017 £	2016 £
At beginning of year	(16,321)	(11,150)
(Credited)/charged to profit or loss	9,317	(5,171)
Charged to other comprehensive income	(552,000)	-
<b>At end of year</b>	<u>(559,004)</u>	<u>(16,321)</u>

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**G W ATKINS & SONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017**

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**17. Deferred taxation (continued)**

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(9,047)	(17,331)
Chargeable gain on revalued property (OCI)	(890,000)	-
Less carried forward losses offset against chargeable gain (OCI)	338,000	-
Other timing differences	2,043	1,010
	<u>(559,004)</u>	<u>(16,321)</u>

**18. Share capital**

	2017 £	2016 £
<b>Shares classified as equity</b>		
<b>Authorised, allotted, called up and fully paid</b>		
60,000 Ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>

**19. Reserves**

**Revaluation reserve**

The revaluation reserve reflects unrealised gains on the revaluation of freehold property less the deferred tax impact.

**Profit & loss account**

The profit and loss account includes all current and prior period retained profits and losses.

**20. Capital commitments**

At 31 October 2017 the Company had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	753,885	712,706
	<u>753,885</u>	<u>712,706</u>

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## **G W ATKINS & SONS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017**

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#### **21. Pension commitments**

The company operates a defined contributions pension scheme. 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 £58,461 (2016 - £66,365).

#### **22. Related party transactions**

The company has taken advantage of the exemption available in FRS 102 Section 33 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

During the year the company had transactions with the following related companies, all ultimately controlled by C R F Shield.

Amounts due to Spaw Engineering Limited - £130,000

Amounts due to Woolley GMC Engineering Limited £739,000

Amounts due to Shield Engineering (Syston) Limited £6,722,424

Purchases from Shield Engineering (Syston) Limited £95,525

#### **23. Ultimate parent undertaking and controlling party**

Following a group restructure during the year the parent company is G W Atkins & Sons Holdings Limited which is controlled by C R F Shield.