

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020
FOR
G W ATKINS & SONS LIMITED**

Magma Audit LLP
Chartered Accountants
Statutory Auditor
Unit 2, Charnwood Edge Business Park
Syston Road
Leicestershire
LE7 4UZ

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for the year ended 31 October 2020

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G W ATKINS & SONS LIMITED
COMPANY INFORMATION
for the year ended 31 October 2020

DIRECTORS:	C R F Shield P P Danes
SECRETARY:	C R F Shield
REGISTERED OFFICE:	365 Fosse Way Syston Leicester Leicestershire LE7 1NL
BUSINESS ADDRESS:	Station Road Burton Latimer Kettering Northamptonshire NN15 5JP
REGISTERED NUMBER:	00944323 (England and Wales)
AUDITORS:	Magma Audit LLP Chartered Accountants Statutory Auditor Unit 2, Charnwood Edge Business Park Syston Road Leicestershire LE7 4UZ

STRATEGIC REPORT
for the year ended 31 October 2020

The directors present their strategic report for the year ended 31 October 2020.

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

REVIEW OF BUSINESS

The business has performed reasonably well this year, despite some mixed volumes from its key customers as a result of the disruption associated with the global pandemic. Since February the volumes were heavily impacted by European and then UK lockdowns. The business reacted immediately to safeguard its staff as a priority and also protect its cash reserves. The management team have worked hard to adjust the facility and working practices to ensure the safety of the staff.

The business has continued production to support key customer lines whilst managing excess capacity with holidays and use of the Furlough support from the government. Despite these challenges a high level of operational performance combined with tight cost controls has allowed the company to achieve a positive year in the circumstances of the marketplace and wider lockdowns etc. It is expected that the disruption will continue through to Q2 2021 and the Board will work to limit the impact to the business.

In December 2019 the business purchased 100% of the shares of Liberty Bridge Aluminium Limited to further its ability to offer customers a wider portfolio of processes and products. The Board believe that long term this will add value to both businesses.

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks and uncertainties affecting the company annually are considered to relate to competition from overseas suppliers, global demand for our customer products and energy and raw material costs. The resolution of the Brexit position has removed one of the major risks to the business and it is hoped that this will prove positive long term. The company is well positioned to meet these challenges 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

The Company's key performance indicators are as follows:

Sales

The accounts report a 37% decrease (2019: 22% increase) in the level of sales over the previous financial year.

Gross Margin

Gross margin for the year has decreased from 23.5% to 19.3%.

OTHER KEY PERFORMANCE INDICATORS

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

ON BEHALF OF THE BOARD:

C R F Shield - Director

4 October 2021

**REPORT OF THE DIRECTORS
for the year ended 31 October 2020**

The directors present their report with the financial statements of the company for the year ended 31 October 2020.

PRINCIPAL ACTIVITY

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

DIVIDENDS

No dividends will be distributed for the year ended 31 October 2020.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

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

C R F Shield
P P Danes

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.

FUTURE DEVELOPMENTS

Future developments have been detailed in the strategic report.

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 the 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.

**REPORT OF THE DIRECTORS
for the year ended 31 October 2020**

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.

AUDITORS

The auditors, Magma Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

C R F Shield - Director

4 October 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF G W ATKINS & SONS LIMITED

Opinion

We have audited the financial statements of G W Atkins & Sons Limited (the 'company') for the year ended 31 October 2020 which comprise the 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 the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2020 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 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 opinion.

Material uncertainty relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the accounting policy in the financial statements concerning the Company's ability to continue as a going concern. The Company had net assets of £1,467,522 at 31 October 2020 which were depleted in the post-balance sheet period and became a net liability position in July 2021. As explained in note 25, the Company relies on the continued support of its funders, principally companies controlled by C R Shield. This requirement indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern if the support is not provided. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF G W ATKINS & SONS LIMITED

Responsibilities of directors

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

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. This description forms part of our Report of the Auditors.

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.

Luke Turner ACA FCCA (Senior Statutory Auditor)
for and on behalf of Magma Audit LLP
Chartered Accountants
Statutory Auditor
Unit 2, Charnwood Edge Business Park
Syston Road
Leicestershire
LE7 4UZ

4 October 2021

INCOME STATEMENT
for the year ended 31 October 2020

	Notes	2020 £	2019 £
TURNOVER	3	12,354,517	19,659,230
Cost of sales		<u>(9,965,530)</u>	<u>(15,044,186)</u>
GROSS PROFIT		2,388,987	4,615,044
Administrative expenses		<u>(3,193,282)</u>	<u>(3,495,840)</u>
		(804,295)	1,119,204
Other operating income	4	<u>874,270</u>	<u>499,046</u>
OPERATING PROFIT	6	69,975	1,618,250
Interest payable and similar expenses	8	<u>(49,356)</u>	<u>(52,289)</u>
PROFIT BEFORE TAXATION		20,619	1,565,961
Tax on profit	9	<u>(64,000)</u>	<u>67,033</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(43,381)</u>	<u>1,632,994</u>

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME
for the year ended 31 October 2020

	Notes	2020 £	2019 £
(LOSS)/PROFIT FOR THE YEAR		(43,381)	1,632,994
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(43,381)</u>	<u>1,632,994</u>

BALANCE SHEET
31 October 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	10	4,785,664	3,794,206
Investments	11	993,408	-
		<u>5,779,072</u>	<u>3,794,206</u>
CURRENT ASSETS			
Stocks	12	1,646,244	2,197,965
Debtors	13	3,870,466	4,475,696
Cash at bank		156,636	83,187
		<u>5,673,346</u>	<u>6,756,848</u>
CREDITORS			
Amounts falling due within one year	14	(8,323,273)	(7,826,607)
NET CURRENT LIABILITIES		<u>(2,649,927)</u>	<u>(1,069,759)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,129,145	2,724,447
CREDITORS			
Amounts falling due after more than one year	15	(1,597,623)	(1,213,544)
PROVISIONS FOR LIABILITIES	18	(64,000)	-
NET ASSETS		<u>1,467,522</u>	<u>1,510,903</u>
CAPITAL AND RESERVES			
Called up share capital	19	60,000	60,000
Retained earnings	20	1,407,522	1,450,903
SHAREHOLDERS' FUNDS		<u>1,467,522</u>	<u>1,510,903</u>

The financial statements were approved by the Board of Directors and authorised for issue on 4 October 2021 and were signed on its behalf by:

C R F Shield - Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 October 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 November 2018	60,000	(182,091)	(122,091)
Changes in equity			
Total comprehensive income	-	1,632,994	1,632,994
Balance at 31 October 2019	60,000	1,450,903	1,510,903
Changes in equity			
Total comprehensive income	-	(43,381)	(43,381)
Balance at 31 October 2020	60,000	1,407,522	1,467,522

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 2020

1. STATUTORY INFORMATION

G W Atkins & Sons Limited is a limited company, registered in England and Wales. Its registered office address is 365 Fosse Way, Syston, Leicester, Leicestershire the registered number is 00944323.

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.

The financial statements are prepared in sterling, which is the functional currency of the company, and rounded to the nearest £.

Going concern

The company had net current liabilities at the year end. Notwithstanding this, the directors believe that it is appropriate to adopt the going concern basis in the preparation of the financial statements. At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future despite the global pandemic which occurred during the year. The directors have prepared financial forecasts which incorporate the impact of COVID-19 as far as possible, including cashflow forecasts and an assessment of available associated company support. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirement of paragraph 33.7.

The information is included in the consolidated financial statements of G W Atkins Holdings Limited as at 31 October 2020 and these financial statements may be obtained from G W Atkins Holdings Limited, Third Floor Two Colton Square, Leicester, Leicestershire, LE7 1QH.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows;

Depreciation of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual lives of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of the assets and Tangible fixed assets note above for the useful economic lives for each class of asset.

Stock provisioning

Slow moving stock provisions are based on estimates of the likely recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2020

2. ACCOUNTING POLICIES - continued**Turnover**

Turnover 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:

Revenue is recognised on the date that the goods are despatched.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Short leasehold land & buildings	25 years on a straight line basis
Plant & machinery	7 years on a straight line basis
Motor vehicles	3 years on a straight line basis
Fixtures & fittings	3 years on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Government grants

Government grants have been recognised in the statement of comprehensive income. The grants are revenue in nature and the amounts are shown within other operating income.

Investments in subsidiaries

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit and loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Stocks

Stocks are stated at the lower of cost and 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.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

(i) Financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2020

2. ACCOUNTING POLICIES - continued

(ii) Financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Debtors

Basic financial assets, including trade and other debtors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash and cash equivalents are represented by cash in hand, deposits held at call with financial institutions, and other short-term 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.

Creditors

Basic financial liabilities, including trade and other creditors, loans from third parties and loans from related parties, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Such instruments are subsequently carried at amortised cost using the effective interest method, less any impairment.

Taxation

The tax expense for the year comprises current and deferred tax.

Tax is recognised in profit or loss except that a change 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.

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.

Both current and deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2020

2. ACCOUNTING POLICIES - continued**Operating leases**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments 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

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

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.

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.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

3. TURNOVER

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

An analysis of turnover by class of business is given below:

	2020 £	2019 £
Precision aluminium components	12,354,517	19,659,230
	12,354,517	19,659,230

An analysis of turnover by geographical market is given below:

	2020 £	2019 £
United Kingdom	12,354,517	19,659,230
	12,354,517	19,659,230

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2020

4. OTHER OPERATING INCOME

	2020	2019
	£	£
Rents received	380,556	350,699
Sundry receipts	-	148,347
Government grants	493,714	-
	<u>874,270</u>	<u>499,046</u>

5. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	3,963,857	5,517,048
Social security costs	349,318	505,610
Other pension costs	107,374	126,640
	<u>4,420,549</u>	<u>6,149,298</u>

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

	2020	2019
Directors	2	2
Production and administration	169	229
	<u>171</u>	<u>231</u>

	2020	2019
	£	£
Directors' remuneration	100,224	100,224
Directors' pension contributions to money purchase schemes	6,098	6,098

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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6. OPERATING PROFIT

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

	2020	2019
	£	£
Other operating leases	624,447	765,572
Depreciation - owned assets	788,947	628,185
Profit on disposal of fixed assets	(17,400)	(12,191)
Foreign exchange differences	<u>(4,458)</u>	<u>(14,951)</u>

7. AUDITORS' REMUNERATION

	2020	2019
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	<u>8,000</u>	<u>5,730</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2020

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Hire purchase	<u>49,356</u>	<u>52,289</u>

9. TAXATION**Analysis of the tax charge/(credit)**

The tax charge/(credit) on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	-	13,785
Adjustment to prior years	-	(75,818)
Total current tax	-	(62,033)
Deferred tax	<u>64,000</u>	(5,000)
Tax on profit	<u>64,000</u>	<u>(67,033)</u>

UK corporation tax was charged at 19% in 2019.

Reconciliation of total tax charge/(credit) included in profit and loss

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

	2020	2019
	£	£
Profit before tax	<u>20,619</u>	<u>1,565,961</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	<u>3,918</u>	297,533
Effects of:		
Expenses not deductible for tax purposes	7,169	1,100
Capital allowances in excess of depreciation	-	(23,874)
Depreciation in excess of capital allowances	44,387	-
Utilisation of tax losses	-	(259,464)
Adjustments to tax charge in respect of previous periods	-	(75,818)
Tax losses carried forward	8,526	-
R&D Expenditure Credit adjustment	-	(6,510)
Total tax charge/(credit)	<u>64,000</u>	<u>(67,033)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2020

10. TANGIBLE FIXED ASSETS

	Short leasehold land & buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 November 2019	-	5,242,295	49,269	-	5,291,564
Additions	82,083	1,627,217	60,405	17,000	1,786,705
Disposals	-	(30,000)	-	-	(30,000)
At 31 October 2020	<u>82,083</u>	<u>6,839,512</u>	<u>109,674</u>	<u>17,000</u>	<u>7,048,269</u>
DEPRECIATION					
At 1 November 2019	-	1,475,352	22,006	-	1,497,358
Charge for year	3,240	772,633	12,602	472	788,947
Eliminated on disposal	-	(23,700)	-	-	(23,700)
At 31 October 2020	<u>3,240</u>	<u>2,224,285</u>	<u>34,608</u>	<u>472</u>	<u>2,262,605</u>
NET BOOK VALUE					
At 31 October 2020	<u>78,843</u>	<u>4,615,227</u>	<u>75,066</u>	<u>16,528</u>	<u>4,785,664</u>
At 31 October 2019	-	3,766,943	27,263	-	3,794,206

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

	2020 £	2019 £
Plant and machinery	<u>3,177,952</u>	<u>2,605,698</u>

The depreciation charge for the year on assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £	2019 £
Plant and machinery	<u>467,056</u>	<u>394,943</u>

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
Additions	<u>993,408</u>
At 31 October 2020	<u>993,408</u>
NET BOOK VALUE	
At 31 October 2020	<u>993,408</u>

The company acquired the entire share capital of Bridge Aluminium Limited (formally Liberty Bridge Aluminium Ltd) on 20th Dec 2019 for £980,000. The acquisition was funded through an intercompany loan from Woolley GMC Engineering Company Limited.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2020

12. STOCKS

	2020	2019
	£	£
Raw materials	371,182	500,189
Work-in-progress	881,155	1,283,630
Finished goods	393,907	414,146
	<u>1,646,244</u>	<u>2,197,965</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade debtors	3,268,140	2,799,492
Amounts owed by group undertakings	325,754	1,325,754
Other debtors	134,562	134,562
Prepayments and accrued income	142,010	215,888
	<u>3,870,466</u>	<u>4,475,696</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Hire purchase contracts (see note 16)	827,514	674,392
Trade creditors	2,241,465	3,196,775
Amounts owed to group undertakings	3,092,307	3,092,307
Social security and other taxes	339,632	82,966
VAT	143,016	310,448
Other creditors	1,178,255	-
Accruals and deferred income	501,084	469,719
	<u>8,323,273</u>	<u>7,826,607</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£	£
Hire purchase contracts (see note 16)	<u>1,597,623</u>	<u>1,213,544</u>

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2020	2019
	£	£
Net obligations repayable:		
Within one year	827,514	674,392
Between one and five years	1,597,623	1,213,544
	<u>2,425,137</u>	<u>1,887,936</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2020

16. LEASING AGREEMENTS - continued

	Non-cancellable	operating leases
	2020	2019
	£	£
Within one year	625,000	625,000
Between one and five years	2,500,000	2,500,000
In more than five years	7,976,000	8,601,000
	<u>11,101,000</u>	<u>11,726,000</u>

Operating lease payments represent rentals payable by the company for property. The lease payments recognised as an expense in the year in relation to the property were £624,447.

Lessor

The company sub-leases property. Rental income earned on the specific property under non -cancellable agreements during the year was £380,556. The total period of the lease is 5 years.

At the reporting end date the company had contracted with customers for the following minimum lease payments:

	Non-cancellable operating leases	
	2020	2019
	£	£
Within one year	392,225	224,642
Between one and five years	<u>1,423,581</u>	<u>-</u>
	<u>1,815,806</u>	<u>224,642</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	2020	2019
	£	£
Hire purchase contracts	2,425,137	1,887,936
Invoice discounting	798,255	-
	<u>3,223,392</u>	<u>1,887,936</u>

The invoice discounting facility, included within other creditors, represents amounts due to RBS Invoice Finance Ltd which are secured by fixed and floating charges over the assets of the company.

Hire purchase contracts are secured on the assets concerned.

18. PROVISIONS FOR LIABILITIES

	2020	2019
	£	£
Deferred tax	<u>64,000</u>	<u>-</u>
		Deferred tax
		£
Charge to Income Statement during year		<u>64,000</u>
Balance at 31 October 2020		<u>64,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2020

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid: Number:	Class:	Nominal value: £1	2020 £	2019 £
60,000	Ordinary		<u>60,000</u>	<u>60,000</u>

20. RESERVES**Profit & loss account**

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

21. PENSION COMMITMENTS

The company operates a defined contributions 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 £107,374 (2019 - £126,640).

22. CONTINGENT LIABILITIES

On 19 August 2020, G W Atkins & Sons Limited entered in to an agreement to purchase the assets of a competitor. Included in these assets were £1,480,000 of Plant and Machinery and the competitor's order book at £795,500. As part of the agreement, there is £1,175,500 of deferred consideration payable within 24 months of the completion date.

At the point of approving these financial statements, the agreement is in legal dispute and the Company has not made any payments towards the deferred consideration. The directors of G W Atkins & Sons Limited are doubtful that the deferred consideration attributable to the order book of £795,500 will be payable once the case is settled. The exact amount is currently being negotiated.

23. OTHER FINANCIAL COMMITMENTS

The company has entered into a third party guarantee with Ingospec Aluminium Limited on behalf of Bridge Aluminium Limited to settle all monies due that Bridge Aluminium Limited fail to pay within Ingospec Aluminium Limited's terms. This agreement is in place until October 2021.

24. RELATED PARTY DISCLOSURES

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.

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

	2020 £	2019 £
Purchases from Burrows & Smith Limited	(2,568)	-
Sales to Burrows & Smith Limited	11,661	-
Purchase ledger balance Burrows and Smith Limited	(2,568)	-
Sales ledger balance Burrows & Smith Limited	1,600	-
Sales to Spaw Limited	577	-
Amounts due from/(to) Spaw Engineering Limited	(130,000)	(130,000)
Sales to Woolley GMC Company Limited	14,400	-
Sales ledger balance Woolley GMC Engineering Limited	2,400	-
Amounts due from/(to) Woolley GMC Engineering Limited	325,754	1,325,754
Purchases from Shield Engineering (Syston) Limited	(187,791)	(121,124)
Sales to Shield Engineering (Syston) Limited	1,213,939	1,557,880
Purchase ledger balance Shield Engineering (Syston) Limited	(120,991)	(115,082)
Sales ledger balance Shield Engineering (Syston) Limited	769,833	847,635
Amounts due from/(to) Shield Engineering (Syston) Limited	(2,962,308)	(2,962,308)

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 October 2020

25. POST BALANCE SHEET EVENTS

The business, along with the manufacturing industry as a whole, has seen a shortage of labour available for use in its production facilities because of the pandemic. However, this is amplified by increased competition for local labour with newly established distribution centres. This has affected the Company's supply chain at multiple stages and has resulted in the Company having to scale down its operations.

In addition to the labour shortage, the industry has also seen a rise in raw material prices. The Company has managed to pass these increases on to the customer where possible but in some circumstances resulted in loss of custom. This has added constraints to cash flow and resulted in the company falling in to a net liabilities position on the post-year end balance sheet. The company has received a letter of support from C R Shield stating that the companies under their control will continue to support the company through this period of uncertainty.

26. ULTIMATE CONTROLLING PARTY

The parent company is G W Atkins & Sons Holdings Limited which is controlled by Mr C R F Shield.

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