

WOOLLEY GMC ENGINEERING COMPANY LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE PERIOD 1 MAY 2019 TO 30 JUNE 2020

Burrows Scarborough
Chartered Accountants (Statutory Auditor)
Sovereign House
12 Warwick Street
Coventry
West Midlands
CV5 6ET

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FOR THE PERIOD 1 MAY 2019 TO 30 JUNE 2020**

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WOOLLEY GMC ENGINEERING COMPANY LIMITED

**COMPANY INFORMATION
FOR THE PERIOD 1 MAY 2019 TO 30 JUNE 2020**

DIRECTORS:	J Cooper B G O'Connor C R F Shield
SECRETARY:	C R F Shield
REGISTERED OFFICE:	365 Fosse Way Syston Leicestershire LE7 1NL
REGISTERED NUMBER:	01352834 (England and Wales)
AUDITORS:	Burrows Scarborough Chartered Accountants (Statutory Auditor) Sovereign House 12 Warwick Street Coventry West Midlands CV5 6ET
BANKERS:	Lloyds Bank plc 30 High Street Coventry CV1 5RA

**STRATEGIC REPORT
FOR THE PERIOD 1 MAY 2019 TO 30 JUNE 2020**

The directors present their strategic report for the period 1 May 2019 to 30 June 2020.

The principal activity of the company in the year under review was that of production and precision engineering of machined castings and assemblies.

REVIEW AND ANALYSIS OF BUSINESS

The business has performed well over this period, having broadly kept its margins and good level of turnover. New business has been introduced successfully and customer volumes are healthy. The management have been very pleased with the high level of operational performance from the business despite some challenging supply situations, Brexit and COVID-19.

The business has been awarded significant new contracts so looks forward to the future with some confidence.

During the year the business purchased Industrieel Toeleveringsbedrijf Goddeeris NV (Goddeeris Machining) in Belgium, this is part of a strategic growth plan into Europe and risk mitigation for Brexit. Although the business is heavily loss making it has a strong portfolio of blue-chip customers and the directors are confident that with focus and investment the business can become profitable within 12 months of acquisition. The directors have ensured suitable funds are available to support the business until this is achieved. At the time of writing the turnaround of the business is on plan.

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.

There are obviously still uncertainties with regards to Brexit, however the company is well placed to react to both positive and negative impacts should they arise. There are positive signs that customers are more keen to procure from within the UK but there is also an increased risk to raw material prices.

Uncertainties continue in the market place with regards to COVID-19, but the company has continued to operate throughout the lockdown and there are positive signs that customers are more keen to manufacture from within the UK due to the global pandemic.

FINANCIAL KEY PERFORMANCE INDICATORS

Turnover in the 14 months to June 2020 increased by 81% on the 6 months to April 2019. The directors are satisfied with the overall level of turnover.

The gross margin for 2020 of 23.4% is similar to last years margin of 23.9%.

The profit before tax and dividend income for the 14 months to June 2020 was £1,049k compared to £789k for the 6 month period to April 2019.

During the period under review, the company's net assets have increased from £7,631k to £8,487k and the company's closing cash balance was £787k compared to £749k at April 2019.

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

29 April 2021

**REPORT OF THE DIRECTORS
FOR THE PERIOD 1 MAY 2019 TO 30 JUNE 2020**

The directors present their report with the financial statements of the company for the period 1 May 2019 to 30 June 2020.

DIVIDENDS

Interim dividends per share were paid as follows:

£250,000	- 20 June 2019
£472,916	- 30 June 2020
<u>£722,916</u>	

The directors recommend that no final dividend be paid.

The total distribution of dividends for the period ended 30 June 2020 will be £ 722,916 .

RESEARCH AND DEVELOPMENT

The company is continuing to invest in research and development to provide class leading products to its customers that are at the forefront of innovation and the latest manufacturing methods.

FUTURE DEVELOPMENTS

In late 2019 news first emerged from China about the COVID-19 virus. The situation at the end of 2019 was that a limited number of cases of an unknown virus had been reported to the World Health Organisation. During the first quarter of 2020, the outbreak of the COVID-19 virus spread throughout the rest of the world and became a global pandemic. The pandemic triggered a significant downturn in markets globally and these challenging market conditions could continue for an extended period of time. There is still a downturn in the global market and related financial impacts cannot be estimated at this time.

The directors have assessed the liquidity requirements for the coming 12 months, taking into account the impact of COVID-19 and have not identified any matters which would impact going concern.

The company's operating results in 2020/2021 will depend on global economic conditions and the impact of Covid-19 pandemic along with Brexit. Orders continue to be received and new orders are coming through, as companies review their overseas supply chains.

The company continues to focus on cost reduction and optimising production to meet current demand. The directors are confident that the fundamentals of the company's business give opportunities to explore long term growth and profitability in the future. Future growth may arise from the development of new products and new applications for existing products.

The directors have carried out a risk assessment on the impact of Brexit on the business of the company and have prepared the company's supply chains and plants in order to mitigate the identified risks. The directors are confident that once Brexit is resolved that this will be a positive impact on the business long term.

DIRECTORS

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

J Cooper
B G O'Connor
C R F Shield

**REPORT OF THE DIRECTORS
FOR THE PERIOD 1 MAY 2019 TO 30 JUNE 2020**

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 agree policies for managing each of these risks and they are summarized below. The policies have remained unchanged from previous years.

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, invoice discounting, hire purchase and inter-company loans. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

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.

AUDITORS

The auditors, Burrows Scarborough, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:

C R F Shield - Director

29 April 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WOOLLEY GMC ENGINEERING COMPANY LIMITED

Opinion

We have audited the financial statements of Woolley GMC Engineering Company Limited (the 'company') for the period ended 30 June 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 30 June 2020 and of its profit for the period 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.

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 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 WOOLLEY GMC ENGINEERING COMPANY LIMITED

Responsibilities of directors

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

Adam Bexon MChem FCA (Senior Statutory Auditor)
for and on behalf of Burrows Scarborough
Chartered Accountants (Statutory Auditor)
Sovereign House
12 Warwick Street
Coventry
West Midlands
CV5 6ET

29 April 2021

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 1 MAY 2019 TO 30 JUNE 2020**

	Notes	Period 1.5.19 to 30.6.20 £	Period 1.11.18 to 30.4.19 £
TURNOVER	3	17,572,791	9,685,525
Cost of sales		<u>13,462,825</u>	<u>7,369,881</u>
GROSS PROFIT		4,109,966	2,315,644
Administrative expenses		<u>3,231,800</u>	<u>1,509,509</u>
		878,166	806,135
Other operating income		<u>221,636</u>	<u>415</u>
OPERATING PROFIT	5	1,099,802	806,550
Income from shares in group undertakings		<u>722,916</u>	<u>1,380,000</u>
		1,822,718	2,186,550
Interest payable and similar expenses	7	<u>50,736</u>	<u>17,460</u>
PROFIT BEFORE TAXATION		1,771,982	2,169,090
Tax on profit	8	<u>192,721</u>	<u>141,142</u>
PROFIT FOR THE FINANCIAL PERIOD		1,579,261	2,027,948
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>1,579,261</u>	<u>2,027,948</u>

The notes form part of these financial statements

BALANCE SHEET
30 JUNE 2020

	Notes	30.6.20 £	£	30.4.19 £	£
FIXED ASSETS					
Tangible assets	10		1,429,726		1,285,440
Investments	11		<u>3,202,582</u>		<u>3,202,581</u>
			4,632,308		4,488,021
CURRENT ASSETS					
Stocks	12	1,998,305		2,266,542	
Debtors	13	7,271,908		9,096,511	
Cash at bank and in hand		<u>787,137</u>		<u>749,499</u>	
		10,057,350		12,112,552	
CREDITORS					
Amounts falling due within one year	14	<u>5,943,838</u>		<u>7,974,887</u>	
NET CURRENT ASSETS			<u>4,113,512</u>		<u>4,137,665</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			8,745,820		8,625,686
CREDITORS					
Amounts falling due after more than one year	15		<u>258,705</u>		<u>994,916</u>
NET ASSETS			<u>8,487,115</u>		<u>7,630,770</u>
CAPITAL AND RESERVES					
Called up share capital	20		125		125
Share premium	21		279,808		279,808
Capital redemption reserve	21		98		98
Retained earnings	21		<u>8,207,084</u>		<u>7,350,739</u>
SHAREHOLDERS' FUNDS			<u>8,487,115</u>		<u>7,630,770</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2021 and were signed on its behalf by:

C R F Shield - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 MAY 2019 TO 30 JUNE 2020**

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 November 2018	125	7,322,791	279,808	98	7,602,822
Changes in equity					
Dividends	-	(2,000,000)	-	-	(2,000,000)
Total comprehensive income	-	2,027,948	-	-	2,027,948
Balance at 30 April 2019	125	7,350,739	279,808	98	7,630,770
Changes in equity					
Dividends	-	(722,916)	-	-	(722,916)
Total comprehensive income	-	1,579,261	-	-	1,579,261
Balance at 30 June 2020	125	8,207,084	279,808	98	8,487,115

**CASH FLOW STATEMENT
FOR THE PERIOD 1 MAY 2019 TO 30 JUNE 2020**

	Notes	Period 1.5.19 to 30.6.20 £	Period 1.11.18 to 30.4.19 £
Cash flows from operating activities			
Cash generated from operations	1	3,035,693	554,827
Interest paid		(27,181)	(11,649)
Interest element of hire purchase payments paid		(23,555)	(5,811)
Tax paid		(445,849)	-
Taxation refund		-	91,778
Net cash from operating activities		<u>2,539,108</u>	<u>629,145</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(579,614)	(402,441)
Purchase of fixed asset investments		(1)	-
Sale of tangible fixed assets		9,149	-
Dividends received		<u>722,916</u>	<u>380,000</u>
Net cash from investing activities		<u>152,450</u>	<u>(22,441)</u>
Cash flows from financing activities			
Loan repayments in year		(671,125)	(287,626)
Related party loan repayments		(1,700,000)	(501,721)
New Hire purchase in the year		387,507	311,200
Capital repayments in year		(489,254)	(148,352)
Amount withdrawn by directors		(10,000)	-
Group loan repayment		1,000,000	-
Loan to group company		(669,768)	-
Government grants		221,636	-
Equity dividends paid		<u>(722,916)</u>	<u>-</u>
Net cash from financing activities		<u>(2,653,920)</u>	<u>(626,499)</u>
Increase/(decrease) in cash and cash equivalents		<u>37,638</u>	<u>(19,795)</u>
Cash and cash equivalents at beginning of period	2	<u>749,499</u>	<u>769,294</u>
Cash and cash equivalents at end of period	2	<u><u>787,137</u></u>	<u><u>749,499</u></u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE PERIOD 1 MAY 2019 TO 30 JUNE 2020**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Period 1.5.19 to 30.6.20 £	Period 1.11.18 to 30.4.19 £
Profit before taxation	1,771,982	2,169,090
Depreciation charges	431,906	226,160
(Profit)/loss on disposal of fixed assets	(5,728)	707
Government grants	(221,636)	-
Finance costs	50,736	17,460
Finance income	(722,916)	(1,380,000)
	<u>1,304,344</u>	<u>1,033,417</u>
Decrease in stocks	268,237	286,255
Decrease/(increase) in trade and other debtors	2,654,652	(1,044,033)
(Decrease)/increase in trade and other creditors	(1,191,540)	279,188
Cash generated from operations	<u><u>3,035,693</u></u>	<u><u>554,827</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Period ended 30 June 2020

	30.6.20 £	1.5.19 £
Cash and cash equivalents	<u>787,137</u>	<u>749,499</u>

Period ended 30 April 2019

	30.4.19 £	1.11.18 £
Cash and cash equivalents	<u>749,499</u>	<u>769,294</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.5.19 £	Cash flow £	At 30.6.20 £
Net cash			
Cash at bank and in hand	<u>749,499</u>	<u>37,638</u>	<u>787,137</u>
	<u>749,499</u>	<u>37,638</u>	<u>787,137</u>
Debt			
Finance leases	(599,960)	101,747	(498,213)
Debts falling due within 1 year	(569,498)	(3,835)	(573,333)
Debts falling due after 1 year	(724,815)	674,960	(49,855)
	<u>(1,894,273)</u>	<u>772,872</u>	<u>(1,121,401)</u>
Total	<u><u>(1,144,774)</u></u>	<u><u>810,510</u></u>	<u><u>(334,264)</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 MAY 2019 TO 30 JUNE 2020**

1. STATUTORY INFORMATION

Woolley GMC Engineering Company Limited 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.

The presentation currency of the financial statements is the Pound Sterling (£).

The principal activity of the company in the year under review was that of production and precision engineering of machined castings and assemblies. The company's principal place of business is 169 Torrington Ave, Coventry CV4 9AP.

The accounts are rounded to the nearest £1.

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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company accounting policies (see below).

The company's financial reporting date has been extended to 30 June 2020 due to the COVID-19 Pandemic and to also align financial year ends with a new company in the group. On this basis the comparative figures will not entirely be comparable.

The following principal accounting policies have been applied:

Preparation of consolidated financial statements

The financial statements contain information about Woolley GMC Engineering Company Limited 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 undertakings are included by full consolidation in the consolidated financial statements of its parent, Woolley GMC Engineering Holdings Limited, Third Floor, Two Colton Square, Leicester, LE1 1QH.

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.

Significant judgements and estimates

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 these accounting policies and/or the notes to the financial statements and the key areas are summarized 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 the Turnover accounting policy, have been met.

Sources of estimation uncertainty

Depreciation rates are based on estimates of the useful lives and residual values of the assets involved (see the Tangible fixed assets accounting policy). Slow moving stock provisions are based on estimates of the likely recoverable amounts (see the Stocks accounting policy). Trade debtors are stated after making provision for an estimate of the irrecoverable debts.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 MAY 2019 TO 30 JUNE 2020

2. ACCOUNTING POLICIES - continued

Turnover

Turnover represents 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 on despatch of goods.

Interest and dividends receivable

Interest income is recognised using the effective interest method and dividend income is recognised as the company's right to receive payment is established.

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their expected residual value over their estimated useful lives, on the following basis:

Short leasehold property	- 10% on cost
Plant & machinery	- 7 years on cost
Motor vehicles	- 30% reducing balance
Fixtures & fittings	- 7 years on cost

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 Profit and Loss Account.

Government grants

Revenue government grants receivable are recognised in the profit and loss account in the period to which they relate.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less impairment.

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.

Financial instruments

The company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade debtors and creditors, loans from third parties and loans to and from related parties.

Debt instruments that are payable or receivable within one year (which includes all debt instruments included in the financial statements) are measured initially and subsequently at the undiscounted amount of the cash or other consideration expected to be paid or received.

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.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 MAY 2019 TO 30 JUNE 2020

2. **ACCOUNTING POLICIES - continued**

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 charged to the Profit and Loss Account 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

Rentals paid under operating leases are charged to the Profit and Loss Account 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.

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.

The amount recognised in the profit & loss account as an expense for defined contribution pension plans is shown in the 'Employees and Directors' note.

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

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 1.5.19 to 30.6.20 £	Period 1.11.18 to 30.4.19 £
United Kingdom	14,682,801	7,881,895
Europe	1,053,979	531,790
Rest of the world	1,836,011	1,271,840
	<u>17,572,791</u>	<u>9,685,525</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 MAY 2019 TO 30 JUNE 2020

4. EMPLOYEES AND DIRECTORS

	Period 1.5.19 to 30.6.20 £	Period 1.11.18 to 30.4.19 £
Wages and salaries	3,156,173	1,524,226
Social security costs	274,234	136,996
Other pension costs	58,497	19,506
	<u>3,488,904</u>	<u>1,680,728</u>

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

	Period 1.5.19 to 30.6.20	Period 1.11.18 to 30.4.19
Production staff	74	76
Office and management	24	22
Directors	<u>2</u>	<u>2</u>
	<u>100</u>	<u>100</u>

	Period 1.5.19 to 30.6.20 £	Period 1.11.18 to 30.4.19 £
Directors' remuneration	324,592	195,084
Directors' pension contributions to money purchase schemes	<u>3,069</u>	<u>891</u>

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

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid director for the period ended 30 June 2020 is as follows:

	Period 1.5.19 to 30.6.20 £
Emoluments etc	139,629
Pension contributions to money purchase schemes	<u>1,534</u>

5. OPERATING PROFIT

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

	Period 1.5.19 to 30.6.20 £	Period 1.11.18 to 30.4.19 £
Hire of plant and machinery	8,916	3,437
Depreciation - owned assets	186,297	157,155
Depreciation - assets on hire purchase contracts	245,610	69,005
(Profit)/loss on disposal of fixed assets	(5,728)	707
Foreign exchange differences	438	(5,914)
Other operating lease rentals	<u>198,333</u>	<u>85,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 MAY 2019 TO 30 JUNE 2020

6. AUDITORS' REMUNERATION

	Period 1.5.19 to 30.6.20 £	Period 1.11.18 to 30.4.19 £
Fees payable to the company's auditors for the audit of the company's financial statements	11,000	10,200
Total audit fees	<u>11,000</u>	<u>10,200</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 1.5.19 to 30.6.20 £	Period 1.11.18 to 30.4.19 £
Bank loan interest	27,181	11,649
Hire purchase	23,555	5,811
	<u>50,736</u>	<u>17,460</u>

8. TAXATION

Analysis of the tax charge

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

	Period 1.5.19 to 30.6.20 £	Period 1.11.18 to 30.4.19 £
Current tax:		
UK corporation tax	170,085	153,740
Prior year adjustment	-	22,300
Total current tax	<u>170,085</u>	<u>176,040</u>
Timing differences, origination and reversed	22,636	(34,898)
Tax on profit	<u>192,721</u>	<u>141,142</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 MAY 2019 TO 30 JUNE 2020

8. TAXATION - continued

Reconciliation of total tax charge 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 1.5.19 to 30.6.20 £	Period 1.11.18 to 30.4.19 £
Profit before tax	<u>1,771,982</u>	<u>2,169,090</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	336,677	412,127
Effects of:		
Expenses not deductible for tax purposes	6,299	75
Adjustments to tax charge in respect of previous periods	-	(8,860)
Dividend income not taxable	(137,354)	(262,200)
Tax relief on R&D credits	<u>(12,901)</u>	<u>-</u>
Total tax charge	<u>192,721</u>	<u>141,142</u>

The deferred tax charge of £22,636 relates to the origination and reversal of timing differences on accelerated capital allowances.

Deferred tax is included in the balance sheet is as follows:

	2020 £	2019 £
Included in Debtors: amounts falling due within one year	144,198	166,834
Consisting of:		
Accelerated capital allowances	144,198	166,834

The expectation is that a reduction in accelerated capital allowances asset of £1,808 will be created in the next financial year. This consists of the capital allowances that will be claimed in excess of the depreciation that will be charged in the year to 30th June 2021 on the specific assets on the balance sheet at 30th June 2020 that are eligible for capital allowances.

9. DIVIDENDS

	Period 1.5.19 to 30.6.20 £	Period 1.11.18 to 30.4.19 £
Ordinary shares of £1 each		
Interim	<u>722,916</u>	<u>2,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 MAY 2019 TO 30 JUNE 2020

10. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 May 2019	244,811	8,481,665	565,911	34,864	9,327,251
Additions	-	525,895	19,636	34,083	579,614
Disposals	-	(122,946)	-	(20,159)	(143,105)
At 30 June 2020	<u>244,811</u>	<u>8,884,614</u>	<u>585,547</u>	<u>48,788</u>	<u>9,763,760</u>
DEPRECIATION					
At 1 May 2019	154,379	7,384,764	472,252	30,416	8,041,811
Charge for period	28,332	335,509	61,660	6,406	431,907
Eliminated on disposal	-	(121,845)	-	(17,839)	(139,684)
At 30 June 2020	<u>182,711</u>	<u>7,598,428</u>	<u>533,912</u>	<u>18,983</u>	<u>8,334,034</u>
NET BOOK VALUE					
At 30 June 2020	<u>62,100</u>	<u>1,286,186</u>	<u>51,635</u>	<u>29,805</u>	<u>1,429,726</u>
At 30 April 2019	<u>90,432</u>	<u>1,096,901</u>	<u>93,659</u>	<u>4,448</u>	<u>1,285,440</u>

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

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1 May 2019	1,147,500	-	1,147,500
Additions	409,730	20,833	430,563
Transfer to ownership	(175,000)	-	(175,000)
At 30 June 2020	<u>1,382,230</u>	<u>20,833</u>	<u>1,403,063</u>
DEPRECIATION			
At 1 May 2019	183,860	-	183,860
Charge for period	241,900	3,710	245,610
Transfer to ownership	(72,940)	-	(72,940)
At 30 June 2020	<u>352,820</u>	<u>3,710</u>	<u>356,530</u>
NET BOOK VALUE			
At 30 June 2020	<u>1,029,410</u>	<u>17,123</u>	<u>1,046,533</u>
At 30 April 2019	<u>963,640</u>	<u>-</u>	<u>963,640</u>

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 May 2019	3,202,581
Additions	<u>1</u>
At 30 June 2020	<u>3,202,582</u>
NET BOOK VALUE	
At 30 June 2020	<u>3,202,582</u>
At 30 April 2019	<u>3,202,581</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 MAY 2019 TO 30 JUNE 2020

11. **FIXED ASSET INVESTMENTS - continued**

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

O.L.D Holdings Limited

Registered office: 365 Fosse Way, Syston, Leicester, Leicestershire, LE7 1NL

Nature of business: Holding company

	% holding	30.6.20	30.4.19
Class of shares:			
Ordinary	100.00	£	£
Aggregate capital and reserves		5,467	422,461
Profit for the year		<u>305,922</u>	<u>1,380,000</u>

O.L.D. Engineering Company Limited

Registered office: 365 Fosse Way, Syston, Leicester, Leicestershire, LE7 1NL

Nature of business: Engineering

	% holding	30.6.20	30.4.19
Class of shares:			
Ordinary	100.00	£	£
Aggregate capital and reserves		3,861,867	2,584,720
Profit for the period		<u>1,537,047</u>	<u>1,364,268</u>

O.L.D. Assets Limited

Registered office: 365 Fosse Way, Syston, Leicester, Leicestershire, LE7 1NL

Nature of business: Asset holding

	% holding	30.6.20	30.4.19
Class of shares:			
Ordinary	100.00	£	£
Aggregate capital and reserves		-	55,921
Profit for the period		<u>-</u>	<u>53,994</u>

This company was dissolved on 22nd September 2020.

Industrieel Toeleveringsbedrijf Goddeeris NV

Registered office: Moorseelsesteenweg 206 A, 8800, Roeselare, Rumbeke, Belgium

Nature of business: Engineering

	% holding	30.6.20
Class of shares:		
Ordinary	100.00	£
Aggregate capital and reserves		(229,107)
Loss for the period		<u>(1,210,119)</u>

The investment in this company was made on 3rd February 2020.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 MAY 2019 TO 30 JUNE 2020

12. **STOCKS**

	30.6.20	30.4.19
	£	£
Raw materials and consumables	837,639	850,991
Work-in-progress	198,906	209,566
Finished goods	961,760	1,205,985
	<u>1,998,305</u>	<u>2,266,542</u>

Stock recognised in cost of sales during the year as an expense was £9,376,692 (2019 £5,283,617).

The replacement cost of stocks is not materially different from the value stated above.

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

	30.6.20	30.4.19
	£	£
Trade debtors	2,271,808	4,898,035
Amounts owed by group undertakings	1,142,685	1,000,000
Other debtors	87	1,068
Loans to related parties	3,573,474	2,873,474
Directors' loan accounts	10,000	-
Deferred taxation	144,198	166,834
Prepayments	129,656	157,100
	<u>7,271,908</u>	<u>9,096,511</u>

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

	30.6.20	30.4.19
	£	£
Bank loans and overdrafts (see note 16)	573,333	569,498
Hire purchase contracts (see note 17)	289,363	329,859
Trade creditors	1,432,367	2,565,764
Amounts owed to group undertakings	2,472,916	2,000,000
Tax	95,293	371,057
Social security and other taxes	335,872	293,345
Other creditors	764	616
Loans from related parties	325,754	1,325,754
Accruals and deferred income	418,176	518,994
	<u>5,943,838</u>	<u>7,974,887</u>

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

	30.6.20	30.4.19
	£	£
Bank loans (see note 16)	49,855	724,815
Hire purchase contracts (see note 17)	208,850	270,101
	<u>258,705</u>	<u>994,916</u>

Bank loans consist of a 3 year loan at an interest rate of 4.05%. This loan is repayable by equal instalments and is due to be repaid by July 2021.

Hire purchase contracts consist of four 3 year contracts expiring between 2020 and 2021 at interest rates of between 2.20% and 4.17%.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 MAY 2019 TO 30 JUNE 2020

16. **LOANS**

An analysis of the maturity of loans is given below:

	30.6.20 £	30.4.19 £
Amounts falling due within one year or on demand:		
Bank loans	<u>573,333</u>	<u>569,498</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>49,855</u>	<u>724,815</u>

17. **LEASING AGREEMENTS**

Minimum lease payments under hire purchase fall due as follows:

	30.6.20 £	30.4.19 £
Net obligations repayable:		
Within one year	289,363	329,859
Between one and five years	<u>208,850</u>	<u>270,101</u>
	<u>498,213</u>	<u>599,960</u>

Leasing arrangements consist of hire purchase contracts.

18. **SECURED DEBTS**

The following secured debts are included within creditors:

	30.6.20 £	30.4.19 £
Bank loans	623,188	1,294,313
Hire purchase contracts	<u>498,213</u>	<u>599,960</u>
	<u>1,121,401</u>	<u>1,894,273</u>

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

An unlimited debenture dated 11th March 2003 incorporating a fixed and floating charge over the company's assets was granted in favour of Lloyds TSB Commercial Finance, which was extended with a chattel mortgage on 24th March 2004.

A mortgage over specific items of plant & machinery was granted in favour of Lloyds Bank plc on 20th July 2018.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 MAY 2019 TO 30 JUNE 2020

19. FINANCIAL INSTRUMENTS

	2020	2019
£		
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>7,785,191</u>	<u>9,520,575</u>
	<u>7,785,191</u>	<u>9,520,575</u>

	2020	2019
£		
Financial liabilities		
Financial liabilities measured at amortised cost	<u>5,771,378</u>	<u>8,305,401</u>
	<u>5,771,378</u>	<u>8,305,401</u>

Financial assets measured at amortised cost comprise of trade debtors, other debtors, loans to related parties and cash at bank.

Financial liabilities measured at amortised cost comprise of trade creditors, amounts due to related parties, other creditors, bank loans, hire purchase contracts and accruals & deferred income.

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	30.6.20	30.4.19
		£	£	£
125	Ordinary	£1	<u>125</u>	<u>125</u>

The Ordinary shares carry full voting rights and full capital participation on sale or winding up of the company. The dividend rights on the Ordinary shares are at the directors discretion. There are no restrictions or specific preferences on the Ordinary shares.

21. RESERVES

Share premium account

This includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Capital redemption reserve

A capital redemption reserve arises in relation to redemption or purchase and cancellation of a company's own shares. For purposes of a capital reduction under CA 2006, this reserve is treated as part of 'capital'.

Profit and loss account

This includes all current and prior period retained profit and losses.

22. PENSION COMMITMENTS

The company operates a defined contribution 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 £55,293 (2019 £19,506).

No contributions were outstanding to the pension scheme at 30 June 2020 (30 April 2019 £nil).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 MAY 2019 TO 30 JUNE 2020

23. **DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to a director subsisted during the periods ended 30 June 2020 and 30 April 2019:

	30.6.20 £	30.4.19 £
J Cooper		
Balance outstanding at start of period	1,051	-
Amounts advanced	10,000	1,051
Amounts repaid	(1,051)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of period	<u>10,000</u>	<u>1,051</u>

The overdrawn directors loan is interest free and no repayment terms have been agreed.

24. **RELATED PARTY DISCLOSURES**

Other related parties

	30.6.20 £	30.4.19 £
Sales	40,339	17,500
Purchases	293,551	103,219
Amount due from related parties	152,480	2,898,943
Amount due to related parties	<u>341,059</u>	<u>(1,334,081)</u>

Other related parties represent other entities under the control of C R F Shield.

During the period, a total of key management personnel compensation of £ 324,592 (2019 - £ 190,785) was paid.

25. **ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company was controlled by its parent company, Woolley GMC Engineering Holdings Limited, which is controlled by C R F Shield.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.