

REGISTERED NUMBER: 01352834 (England and Wales)

WOOLLEY GMC ENGINEERING COMPANY LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018

Burrows Scarborough
Sovereign House
12 Warwick Street
Coventry
West Midlands
CV5 6ET

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FOR THE YEAR ENDED 31 OCTOBER 2018**

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WOOLLEY GMC ENGINEERING COMPANY LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 OCTOBER 2018**

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
BUSINESS ADDRESS:	169 Torrington Ave Tile Hill Coventry West Midlands CV4 9AP
REGISTERED NUMBER:	01352834 (England and Wales)
AUDITORS:	Burrows Scarborough Sovereign House 12 Warwick Street Coventry West Midlands CV5 6ET
BANKERS:	Lloyds Bank plc 30 High Street Coventry CV1 5RA

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 OCTOBER 2018**

The directors present their strategic report for the year ended 31 October 2018.

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

REVIEW OF BUSINESS

The business has performed satisfactorily this year, despite some weak volumes from two of its key customers which has impacted margins. New business introduction and a high level of operational performance combined with strict cost controls means that the company looks to the future with some confidence, as it is well placed to benefit from customer projects and other business opportunities. The company has also completed on an acquisition of a competitor, OLD Engineering which will introduce new customers and increase turnover and profitability.

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 2% in 2018. The directors are satisfied with the overall level of turnover.

The gross margin for 2018 of 23% is below last years margin of 26%.

The profit before tax and dividend income for 2018 was £929,578 compared to last year £1,218,919.

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

28 February 2019

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 OCTOBER 2018**

The directors present their report with the financial statements of the company for the year ended 31 October 2018.

DIVIDENDS

No dividends have been paid in the year and no dividends have been paid between the year end date and the signing of these accounts.

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

Future developments have been detailed in the strategic report.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 November 2017 to the date of this report.

J Cooper
B G O'Connor
C R F Shield

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.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 OCTOBER 2018**

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, will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD:

C R F Shield - Director

28 February 2019

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 year ended 31 October 2018 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 31 October 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

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 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 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.

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

28 February 2019

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2018**

	Notes	31.10.18 £	31.10.17 £
TURNOVER	3	17,603,096	17,257,433
Cost of sales		<u>13,561,823</u>	<u>12,815,900</u>
GROSS PROFIT		4,041,273	4,441,533
Administrative expenses		<u>3,098,302</u>	<u>3,221,013</u>
OPERATING PROFIT	5	942,971	1,220,520
Income from shares in group undertakings		<u>350,000</u>	<u>-</u>
		1,292,971	1,220,520
Interest payable and similar expenses	6	<u>13,393</u>	<u>1,601</u>
PROFIT BEFORE TAXATION		1,279,578	1,218,919
Tax on profit	7	<u>96,508</u>	<u>245,554</u>
PROFIT FOR THE FINANCIAL YEAR		1,183,070	973,365
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,183,070</u>	<u>973,365</u>

The notes form part of these financial statements

BALANCE SHEET
31 OCTOBER 2018

	Notes	31.10.18 £	£	31.10.17 £	£
FIXED ASSETS					
Tangible assets	8		1,109,866		1,617,111
Investments	9		<u>3,202,581</u>		<u>-</u>
			4,312,447		1,617,111
CURRENT ASSETS					
Stocks	10	2,552,797		1,921,261	
Debtors	11	5,190,104		6,984,360	
Cash at bank		<u>769,294</u>		<u>358,351</u>	
		8,512,195		9,263,972	
CREDITORS					
Amounts falling due within one year	12	<u>3,990,821</u>		<u>4,230,856</u>	
NET CURRENT ASSETS			<u>4,521,374</u>		<u>5,033,116</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			8,833,821		6,650,227
CREDITORS					
Amounts falling due after more than one year	13		<u>1,230,999</u>		<u>230,475</u>
NET ASSETS			<u>7,602,822</u>		<u>6,419,752</u>
CAPITAL AND RESERVES					
Called up share capital	18		125		125
Share premium	19		279,808		279,808
Capital redemption reserve	19		98		98
Retained earnings	19		<u>7,322,791</u>		<u>6,139,721</u>
SHAREHOLDERS' FUNDS			<u>7,602,822</u>		<u>6,419,752</u>

The financial statements were approved by the Board of Directors on 28 February 2019 and were signed on its behalf by:

C R F Shield - Director

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

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 November 2016	125	5,166,356	279,808	98	5,446,387
Changes in equity					
Total comprehensive income	-	973,365	-	-	973,365
Balance at 31 October 2017	125	6,139,721	279,808	98	6,419,752
Changes in equity					
Total comprehensive income	-	1,183,070	-	-	1,183,070
Balance at 31 October 2018	125	7,322,791	279,808	98	7,602,822

The notes form part of these financial statements

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2018**

	Notes	31.10.18 £	31.10.17 £
Cash flows from operating activities			
Cash generated from operations	1	1,417,351	(586,364)
Interest paid		(5,824)	-
Interest element of hire purchase payments paid		(7,569)	(1,601)
Tax paid		(239,924)	(32,953)
Net cash from operating activities		<u>1,164,034</u>	<u>(620,918)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(312,200)	(46,839)
Purchase of fixed asset investments		(3,073,436)	-
Sale of tangible fixed assets		185,000	-
Dividends received		350,000	-
Net cash from investing activities		<u>(2,850,636)</u>	<u>(46,839)</u>
Cash flows from financing activities			
New loans in year		1,725,750	-
Loan repayments in year		(150,137)	-
Group loan repayments		454,999	-
New Hire purchase in the year		259,650	-
Capital repayments in year		(192,717)	(86,691)
Net cash from financing activities		<u>2,097,545</u>	<u>(86,691)</u>
Increase/(decrease) in cash and cash equivalents		<u>410,943</u>	<u>(754,448)</u>
Cash and cash equivalents at beginning of year	2	358,351	1,112,799
Cash and cash equivalents at end of year	2	<u><u>769,294</u></u>	<u><u>358,351</u></u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2018

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

	31.10.18	31.10.17
	£	£
Profit before taxation	1,279,578	1,218,919
Depreciation charges	781,946	825,506
Profit on disposal of fixed assets	(147,500)	-
Finance costs	13,393	1,601
Finance income	(350,000)	-
	<u>1,577,417</u>	<u>2,046,026</u>
Increase in stocks	(631,536)	(380,149)
Decrease/(increase) in trade and other debtors	1,345,989	(4,569,271)
(Decrease)/increase in trade and other creditors	(874,519)	2,317,030
Cash generated from operations	<u>1,417,351</u>	<u>(586,364)</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:

Year ended 31 October 2018

	31.10.18	1.11.17
	£	£
Cash and cash equivalents	<u>769,294</u>	<u>358,351</u>

Year ended 31 October 2017

	31.10.17	1.11.16
	£	£
Cash and cash equivalents	<u>358,351</u>	<u>1,112,799</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

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 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).

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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2018**

2. ACCOUNTING POLICIES - continued

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.

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 year 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.

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 year 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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2018

2. ACCOUNTING POLICIES - continued

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:

	31.10.18 £	31.10.17 £
United Kingdom	14,142,049	13,002,241
Europe	1,127,880	981,268
Rest of the world	2,333,167	3,273,924
	<u>17,603,096</u>	<u>17,257,433</u>

4. EMPLOYEES AND DIRECTORS

	31.10.18 £	31.10.17 £
Wages and salaries	2,898,564	2,657,924
Social security costs	257,180	229,685
Other pension costs	36,627	27,693
	<u>3,192,371</u>	<u>2,915,302</u>

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

	31.10.18	31.10.17
Production staff	79	69
Office and management	20	21
Directors	2	3
	<u>101</u>	<u>93</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2018

4. **EMPLOYEES AND DIRECTORS - continued**

	31.10.18	31.10.17
	£	£
Directors' remuneration	<u>283,166</u>	<u>324,586</u>

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

Money purchase schemes	<u>2</u>	<u>-</u>
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Information regarding the highest paid director is as follows:

	31.10.18	31.10.17
	£	£
Emoluments etc	<u>121,746</u>	<u>145,210</u>

5. **OPERATING PROFIT**

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

	31.10.18	31.10.17
	£	£
Hire of plant and machinery	(8,046)	80,768
Depreciation - owned assets	714,793	808,718
Depreciation - assets on hire purchase contracts	67,152	16,788
Profit on disposal of fixed assets	(147,500)	-
Auditors' remuneration	10,200	13,100
Foreign exchange differences	(12,116)	(135)
Other operating lease rentals	<u>170,000</u>	<u>170,000</u>

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.10.18	31.10.17
	£	£
Bank loan interest	5,824	-
Hire purchase	<u>7,569</u>	<u>1,601</u>
	<u>13,393</u>	<u>1,601</u>

7. **TAXATION**

Analysis of the tax charge

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

	31.10.18	31.10.17
	£	£
Current tax:		
UK corporation tax	186,157	233,052
Prior year adjustment	<u>(82,917)</u>	<u>32,119</u>
Total current tax	<u>103,240</u>	<u>265,171</u>
Timing differences, origination and reversed	<u>(6,732)</u>	<u>(19,617)</u>
Tax on profit	<u>96,508</u>	<u>245,554</u>

UK corporation tax has been charged at 19% .

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2018

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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

	31.10.18 £	31.10.17 £
Profit before tax	1,279,578	1,218,919
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.410%)	243,120	236,592
Effects of:		
Expenses not deductible for tax purposes	23	-
Adjustments to tax charge in respect of previous periods	(82,917)	32,119
Fixed asset differences	2,782	7,632
Group relief	-	(30,789)
Dividend income not taxable	(66,500)	-
Total tax charge	96,508	245,554

The deferred tax charge of £6,732 relates to the origination and reversal of timing differences on accelerated capital allowances.

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

	2018 £	2017 £
Included in Debtors: amounts falling due within one year	131,936	125,204
Consisting of:		
Accelerated capital allowances	131,936	125,204

The expectation is that a further accelerated capital allowances asset of £103,414 will be created in the next financial year. This consists of the depreciation that will be charged in excess of the capital allowances to be claimed in the year to 31st October 2019 on the specific assets on the balance sheet at 31st October 2018 that are eligible for capital allowances.

8. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 November 2017	244,811	8,912,059	1,007,462	34,864	10,199,196
Additions	-	310,400	1,800	-	312,200
Disposals	-	(449,350)	-	-	(449,350)
At 31 October 2018	244,811	8,773,109	1,009,262	34,864	10,062,046
DEPRECIATION					
At 1 November 2017	117,952	7,610,561	826,351	27,221	8,582,085
Charge for year	24,284	686,527	68,779	2,355	781,945
Eliminated on disposal	-	(411,850)	-	-	(411,850)
At 31 October 2018	142,236	7,885,238	895,130	29,576	8,952,180
NET BOOK VALUE					
At 31 October 2018	102,575	887,871	114,132	5,288	1,109,866
At 31 October 2017	126,859	1,301,498	181,111	7,643	1,617,111

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2018

8. **TANGIBLE FIXED ASSETS - continued**

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

	Plant and machinery £
COST	
At 1 November 2017 and 31 October 2018	<u>470,000</u>
DEPRECIATION	
At 1 November 2017	16,788
Charge for year	<u>67,152</u>
At 31 October 2018	<u>83,940</u>
NET BOOK VALUE	
At 31 October 2018	<u>386,060</u>
At 31 October 2017	<u>453,212</u>

9. **FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
COST	
Additions	<u>3,202,581</u>
At 31 October 2018	<u>3,202,581</u>
NET BOOK VALUE	
At 31 October 2018	<u>3,202,581</u>

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	31.10.18 £	30.4.18 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		422,561	772,561
Profit for the period/year		<u>23,539</u>	<u>-</u>

O.L.D Engineering Company Limited

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

Nature of business: Engineering

	% holding	31.10.18 £	30.4.18 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		3,018,068	2,614,088
Profit for the period/year		<u>115,116</u>	<u>786,062</u>

Between 1st September 2018 and 31st October 2018, the turnover for this company was £1,579,625.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2018

9. **FIXED ASSET INVESTMENTS - continued**

O.L.D. Assets Limited

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

Nature of business: Asset holding

	% holding	31.10.18	30.4.18
Class of shares:			
Ordinary	100.00	£	£
Aggregate capital and reserves		88,503	1,926
(Loss)/profit for the period/year		<u>(4,296)</u>	<u>11,111,111</u>

The company purchased O.L.D. Holdings Limited together with it's 2 above subsidiaries on 31st August 2018.

The profit after taxation made by each group company since the date of purchase is shown above.

10. **STOCKS**

	31.10.18	31.10.17
	£	£
Raw materials and consumables	1,015,481	1,067,709
Work-in-progress	340,174	166,810
Finished goods	<u>1,197,142</u>	<u>686,742</u>
	<u>2,552,797</u>	<u>1,921,261</u>

Stock recognised in cost of sales during the year as an expense was £9,311,572 (2017 £8,821,688).

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

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

	31.10.18	31.10.17
	£	£
Trade debtors	3,859,532	5,222,627
Other debtors	-	23
Loans to related parties	1,045,998	1,500,997
Deferred taxation	131,936	125,204
Prepayments	<u>152,638</u>	<u>135,509</u>
	<u>5,190,104</u>	<u>6,984,360</u>

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

	31.10.18	31.10.17
	£	£
Bank loans and overdrafts (see note 14)	561,588	-
Hire purchase contracts (see note 15)	226,463	152,900
Trade creditors	2,301,984	3,029,135
Tax	103,239	233,051
Social security and other taxes	255,678	375,438
Other creditors	129,145	-
Accruals and deferred income	<u>412,724</u>	<u>440,332</u>
	<u>3,990,821</u>	<u>4,230,856</u>

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

	31.10.18	31.10.17
	£	£
Bank loans (see note 14)	1,020,350	-
Hire purchase contracts (see note 15)	<u>210,649</u>	<u>230,475</u>
	<u>1,230,999</u>	<u>230,475</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2018

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

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 three 3 year contracts expiring between 2020 and 2021 at interest rates of between 2.2 and 3.4%.

14. **LOANS**

An analysis of the maturity of loans is given below:

	31.10.18 £	31.10.17 £
Amounts falling due within one year or on demand:		
Bank loans	<u>561,588</u>	<u>-</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>1,020,350</u>	<u>-</u>

15. **LEASING AGREEMENTS**

Minimum lease payments under hire purchase fall due as follows:

	31.10.18 £	31.10.17 £
Net obligations repayable:		
Within one year	226,463	152,900
Between one and five years	<u>210,649</u>	<u>230,475</u>
	<u>437,112</u>	<u>383,375</u>

Leasing arrangements consist of hire purchase contracts.

16. **SECURED DEBTS**

The following secured debts are included within creditors:

	31.10.18 £	31.10.17 £
Bank loans	1,581,938	-
Hire purchase contracts	<u>437,112</u>	<u>383,375</u>
	<u>2,019,050</u>	<u>383,375</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 YEAR ENDED 31 OCTOBER 2018

17. FINANCIAL INSTRUMENTS

	£	£	2018	2017
Financial assets				
Financial assets that are debt instruments measured at amortised cost			5,674,824	7,081,998
			<u>5,674,824</u>	<u>7,081,998</u>
			2018	2017
Financial liabilities				
Financial liabilities measured at amortised cost			4,862,903	3,852,842
			<u>4,862,903</u>	<u>3,852,842</u>

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

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

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.10.18	31.10.17
			£	£
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.

19. 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.

20. 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 £36,627 (2017 £27,693).

No contributions were outstanding to the pension scheme at 31st October 2018 (2017 £nil).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2018

21. CAPITAL COMMITMENTS

	31.10.18 £	31.10.17 £
Contracted but not provided for in the financial statements	<u>389,000</u>	<u>-</u>

22. RELATED PARTY DISCLOSURES

Other related parties

	31.10.18 £	31.10.17 £
Sales	17,526	64,307
Purchases	(258,748)	(353,421)
Amount due from related parties	1,190,005	1,500,727
Amount due to related parties	<u>1,594,226</u>	<u>(6,292)</u>

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

During the year, a total of key management personnel compensation of £ 283,166 was paid.

23. 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.

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