

WOOLLEY GMC ENGINEERING COMPANY LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	5
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Cash Flow Statement	11
Notes to the Cash Flow Statement	12
Notes to the Financial Statements	13

WOOLLEY GMC ENGINEERING COMPANY LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2021**

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 YEAR ENDED 30 JUNE 2021**

The directors present their strategic report for the year ended 30 June 2021.

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 company has performed well over this period with consistent margins and reasonable levels of turnover. Despite the global pandemic customer volumes have remained at a reasonable level and tight cost management and high levels of operational performance have delivered another positive year for the business. The business has dealt with Covid challenges effectively, although the disruption has impacted performance compared to prior to the pandemic.

The management look forward to the future with a high level of confidence and are continuing to look to invest in the business to secure its future success.

Since last year the business has invested heavily into its recent acquisition Industrieel Toeleveringsbedrijf Goddeeris NV (Goddeeris Machining) in Belgium, as part of a strategic growth plan into Europe and risk mitigation for Brexit. The previously heavily loss making business has seen a significant recovery in its performance and the Board are confident that it will deliver value to the businesses in the long term.

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.

Issues around Brexit have largely been resolved and this is no longer considered a major risk to the business.

Continued uncertainties continue in the economy with regards to COVID-19, but the company has continued to operate throughout the lockdowns 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 for the year to June 2021 had fallen by 8.8% (pro rata) compared to the 14 month period to 30 June 2020. The directors are satisfied with the overall level of turnover.

The gross margin for 2021 of 21.5% is which is compared to last years margin of 23.4%.

The profit before tax and dividend income for the year to June 2021 was £576k compared to £1,049k for the 14 month period to June 2020.

During the period under review, the company's net assets have decreased from £8,487k to £8,034k and the company's closing cash balance was £2,635k compared to £787k at June 2020.

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

30 March 2022

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2021**

The directors present their report with the financial statements of the company for the year ended 30 June 2021.

DIVIDENDS

An interim dividend of £14,000.00 per share was paid on 17 June 2021. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 30 June 2021 will be £ 1,750,000 .

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

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. Liquidity is high in the business and this is expected to continue. The business has seen some significant customer portfolio changes through the Pandemic period, and whilst this has reduced turnover in the medium term new contracts are being won to replace this in due course. The business has maintained profitability and strong cash generation since the post accounting year end.

The company's operating results in 2021/ 2022 will depend on global economic conditions and the impact of Covid-19 pandemic along with associated inflationary costs. 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.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2020 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.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2021**

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

30 March 2022

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 30 June 2021 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 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

It is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the company's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- enquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are the health and safety legislation, FRS 102 and the Companies Act 2006 regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements, which included:

- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and assessing whether the judgements made in making accounting estimates are indicative of potential bias.
- Enquiring of management around actual and potential litigation and claims, including health and safety.
- Enquiring of company's staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of management.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

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

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

30 March 2022

**STATEMENT OF COMPREHENSIVE
INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

		Year Ended 30.6.21 £	Period 1.5.19 to 30.6.20 £
	Notes		
TURNOVER	3	13,735,940	17,572,791
Cost of sales		<u>10,787,655</u>	<u>13,462,825</u>
GROSS PROFIT		2,948,285	4,109,966
Administrative expenses		<u>2,483,452</u>	<u>3,231,800</u>
		464,833	878,166
Other operating income		<u>147,773</u>	<u>221,636</u>
OPERATING PROFIT	5	612,606	1,099,802
Income from shares in group undertakings		<u>830,000</u>	<u>722,916</u>
		1,442,606	1,822,718
Interest payable and similar expenses	7	<u>36,592</u>	<u>50,736</u>
PROFIT BEFORE TAXATION		1,406,014	1,771,982
Tax on profit	8	<u>109,443</u>	<u>192,721</u>
PROFIT FOR THE FINANCIAL YEAR		1,296,571	1,579,261
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,296,571</u>	<u>1,579,261</u>

BALANCE SHEET
30 JUNE 2021

	Notes	30.6.21 £	£	30.6.20 £	£
FIXED ASSETS					
Tangible assets	11		1,126,034		1,429,726
Investments	12		-		3,202,582
			<u>1,126,034</u>		<u>4,632,308</u>
CURRENT ASSETS					
Stocks	13	903,431		1,998,305	
Debtors	14	7,381,918		7,271,908	
Cash at bank and in hand		<u>2,635,354</u>		<u>787,137</u>	
		10,920,703		10,057,350	
CREDITORS					
Amounts falling due within one year	15	<u>3,985,211</u>		<u>5,943,838</u>	
NET CURRENT ASSETS			<u>6,935,492</u>		<u>4,113,512</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			8,061,526		8,745,820
CREDITORS					
Amounts falling due after more than one year	16		<u>27,840</u>		<u>258,705</u>
NET ASSETS			<u>8,033,686</u>		<u>8,487,115</u>
CAPITAL AND RESERVES					
Called up share capital	21		125		125
Share premium	22		279,808		279,808
Capital redemption reserve	22		98		98
Retained earnings	22		<u>7,753,655</u>		<u>8,207,084</u>
SHAREHOLDERS' FUNDS			<u>8,033,686</u>		<u>8,487,115</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 March 2022 and were signed on its behalf by:

C R F Shield - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 May 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
Changes in equity					
Dividends	-	(1,750,000)	-	-	(1,750,000)
Total comprehensive income	-	1,296,571	-	-	1,296,571
Balance at 30 June 2021	125	7,753,655	279,808	98	8,033,686

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021**

		Year Ended 30.6.21 £	Period 1.5.19 to 30.6.20 £
	Notes		
Cash flows from operating activities			
Cash generated from operations	1	2,652,539	3,035,693
Interest paid		(23,298)	(27,181)
Interest element of hire purchase payments paid		(13,294)	(23,555)
Tax paid		(163,986)	(445,849)
Net cash from operating activities		<u>2,451,961</u>	<u>2,539,108</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(579,614)
Purchase of fixed asset investments		-	(1)
Sale of tangible fixed assets		-	9,149
Dividends received		830,000	722,916
Net cash from investing activities		<u>830,000</u>	<u>152,450</u>
Cash flows from financing activities			
Loan repayments in year		(575,250)	(671,125)
Related party loan repayments		-	(1,700,000)
New Hire purchase in the year		-	387,507
Capital repayments in year		(290,051)	(489,254)
Amount introduced by directors		10,000	-
Amount withdrawn by directors		-	(10,000)
Group loan repayment		-	1,000,000
Loan to group company		(476,216)	(669,768)
Government grants		147,773	221,636
Equity dividends paid		(250,000)	(722,916)
Net cash from financing activities		<u>(1,433,744)</u>	<u>(2,653,920)</u>
Increase in cash and cash equivalents		<u>1,848,217</u>	<u>37,638</u>
Cash and cash equivalents at beginning of year	2	787,137	749,499
Cash and cash equivalents at end of year	2	<u>2,635,354</u>	<u>787,137</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

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

	Year Ended 30.6.21 £	Period 1.5.19 to 30.6.20 £
Profit before taxation	1,406,014	1,771,982
Depreciation charges	303,691	431,906
Profit on disposal of fixed assets	-	(5,728)
Government grants	(147,773)	(221,636)
Finance costs	36,592	50,736
Finance income	(830,000)	(722,916)
	<u>768,524</u>	<u>1,304,344</u>
Decrease in stocks	1,094,874	268,237
(Increase)/decrease in trade and other debtors	(250,082)	2,654,652
Increase/(decrease) in trade and other creditors	<u>1,039,223</u>	<u>(1,191,540)</u>
Cash generated from operations	<u><u>2,652,539</u></u>	<u><u>3,035,693</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:

Year ended 30 June 2021

	30.6.21 £	1.7.20 £
Cash and cash equivalents	<u>2,635,354</u>	<u>787,137</u>

Period ended 30 June 2020

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

3. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

	At 1.7.20 £	Cash flow £	At 30.6.21 £
Net cash			
Cash at bank and in hand	<u>787,137</u>	<u>1,848,217</u>	<u>2,635,354</u>
	<u>787,137</u>	<u>1,848,217</u>	<u>2,635,354</u>
Debt			
Finance leases	(498,213)	290,051	(208,162)
Debts falling due within 1 year	(573,333)	525,395	(47,938)
Debts falling due after 1 year	(49,855)	49,855	-
	<u>(1,121,401)</u>	<u>865,301</u>	<u>(256,100)</u>
Total	<u><u>(334,264)</u></u>	<u><u>2,713,518</u></u>	<u><u>2,379,254</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

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 was extended to 30 June 2020 on the comparative figures 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 to the current year.

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 YEAR ENDED 30 JUNE 2021

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2021

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 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.

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.

Government grants

Revenue Government grants receivable, which relate to COVID related grants, are recognised in the period to which they relate.

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:

	Year Ended 30.6.21 £	Period 1.5.19 to 30.6.20 £
United Kingdom	12,381,771	14,682,801
Europe	783,477	1,053,979
Rest of the world	570,692	1,836,011
	<u>13,735,940</u>	<u>17,572,791</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2021

4. EMPLOYEES AND DIRECTORS

	Year Ended 30.6.21 £	Period 1.5.19 to 30.6.20 £
Wages and salaries	2,329,589	3,156,173
Social security costs	199,494	274,234
Other pension costs	42,998	58,497
	<u>2,572,081</u>	<u>3,488,904</u>

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

	Year Ended 30.6.21	Period 1.5.19 to 30.6.20
Production staff	65	74
Office and management	21	24
Directors	<u>2</u>	<u>2</u>
	<u>88</u>	<u>100</u>

	Year Ended 30.6.21 £	Period 1.5.19 to 30.6.20 £
Directors' remuneration	326,978	324,592
Directors' pension contributions to money purchase schemes	<u>2,630</u>	<u>3,069</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 is as follows:

	Year Ended 30.6.21 £	Period 1.5.19 to 30.6.20 £
Emoluments etc	144,610	139,629
Pension contributions to money purchase schemes	<u>1,315</u>	<u>1,534</u>

5. OPERATING PROFIT

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

	Year Ended 30.6.21 £	Period 1.5.19 to 30.6.20 £
Hire of plant and machinery	7,354	8,916
Depreciation - owned assets	101,073	186,297
Depreciation - assets on hire purchase contracts	202,619	245,610
Profit on disposal of fixed assets	-	(5,728)
Foreign exchange differences	(1,194)	438
Other operating lease rentals	<u>170,000</u>	<u>198,333</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2021

6. AUDITORS' REMUNERATION

	Year Ended 30.6.21 £	Period 1.5.19 to 30.6.20 £
Fees payable to the company's auditors for the audit of the company's financial statements	10,000	11,000
Total audit fees	<u>10,000</u>	<u>11,000</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year Ended 30.6.21 £	Period 1.5.19 to 30.6.20 £
Bank loan interest	23,298	27,181
Hire purchase	13,294	23,555
	<u>36,592</u>	<u>50,736</u>

8. TAXATION

Analysis of the tax charge

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

	Year Ended 30.6.21 £	Period 1.5.19 to 30.6.20 £
Current tax: UK corporation tax	94,533	170,085
Timing differences, origination and reversed	14,910	22,636
Tax on profit	<u>109,443</u>	<u>192,721</u>

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:

	Year Ended 30.6.21 £	Period 1.5.19 to 30.6.20 £
Profit before tax	<u>1,406,014</u>	<u>1,771,982</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	267,143	336,677
Effects of: Expenses not deductible for tax purposes	-	6,299
Dividend income not taxable	(157,700)	(137,354)
Tax relief on R&D credits	-	(12,901)
Total tax charge	<u>109,443</u>	<u>192,721</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2021

8. **TAXATION - continued**

The deferred tax charge of £14,910 relates to the origination and reversal of timing differences on accelerated capital allowances.

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

	2021 £	2020 £
Included in Debtors: amounts falling due within one year	129,288	144,198
Consisting of:		
Accelerated capital allowances	129,288	144,198

The expectation is that a reduction in accelerated capital allowances asset of £14,320 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 2022 on the specific assets on the balance sheet at 30th June 2021 that are eligible for capital allowances.

9. **DIVIDENDS**

	Year Ended 30.6.21 £	Period 1.5.19 to 30.6.20 £
Ordinary shares of £1 each Interim	<u>1,750,000</u>	<u>722,916</u>

10. **GOVERNMENT GRANTS**

Government grants received amounting to £147,773 (2020 £221,636) are Covid related grants.

11. **TANGIBLE FIXED ASSETS**

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 July 2020 and 30 June 2021	<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 July 2020	182,711	7,598,428	533,912	18,983	8,334,034
Charge for year	<u>15,031</u>	<u>261,225</u>	<u>17,931</u>	<u>9,505</u>	<u>303,692</u>
At 30 June 2021	<u>197,742</u>	<u>7,859,653</u>	<u>551,843</u>	<u>28,488</u>	<u>8,637,726</u>
NET BOOK VALUE					
At 30 June 2021	<u>47,069</u>	<u>1,024,961</u>	<u>33,704</u>	<u>20,300</u>	<u>1,126,034</u>
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>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2021

11. **TANGIBLE FIXED ASSETS - continued**

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 July 2020			
and 30 June 2021	<u>1,382,230</u>	<u>20,833</u>	<u>1,403,063</u>
DEPRECIATION			
At 1 July 2020	352,820	3,710	356,530
Charge for year	<u>197,471</u>	<u>5,148</u>	<u>202,619</u>
At 30 June 2021	<u>550,291</u>	<u>8,858</u>	<u>559,149</u>
NET BOOK VALUE			
At 30 June 2021	<u>831,939</u>	<u>11,975</u>	<u>843,914</u>
At 30 June 2020	<u>1,029,410</u>	<u>17,123</u>	<u>1,046,533</u>

12. **FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
COST	
At 1 July 2020	3,202,582
Additions	591,379
Disposals	<u>(3,793,961)</u>
At 30 June 2021	-
NET BOOK VALUE	
At 30 June 2021	-
At 30 June 2020	<u>3,202,582</u>

In January 2021, loans of £591,380 to subsidiary Industrieel Toeleveringsbedrijf Goddeeris NV were reclassified as equity investments.

Following that, in June 2021, a group restructuring was undertaken, whereby the investments in the following subsidiary companies were transferred at cost to parent company Woolley GMC Engineering Holdings Limited:

O.L.D. Holdings Limited
O.L.D. Engineering Company Limited
Industrieel Toeleveringsbedrijf Goddeeris NV

13. **STOCKS**

	30.6.21 £	30.6.20 £
Raw materials and consumables	341,889	837,639
Work-in-progress	218,093	198,906
Finished goods	<u>343,449</u>	<u>961,760</u>
	<u>903,431</u>	<u>1,998,305</u>

Stock recognised in cost of sales during the year as an expense was £7,240,493 (2020 £9,376,692).

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2021

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.21	30.6.20
	£	£
Trade debtors	2,483,846	2,271,808
Amounts owed by group undertakings	1,027,523	1,142,685
Other debtors	102,346	87
Loans to related parties	3,573,474	3,573,474
Directors' loan accounts	-	10,000
Deferred taxation	129,288	144,198
Prepayments	65,441	129,656
	<u>7,381,918</u>	<u>7,271,908</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.21	30.6.20
	£	£
Bank loans and overdrafts (see note 17)	47,938	573,333
Hire purchase contracts (see note 18)	180,322	289,363
Trade creditors	2,520,049	1,432,367
Amounts owed to group undertakings	178,955	2,472,916
Tax	25,840	95,293
Social security and other taxes	236,588	335,872
Other creditors	4,473	764
Loans from related parties	325,754	325,754
Accruals and deferred income	465,292	418,176
	<u>3,985,211</u>	<u>5,943,838</u>

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

	30.6.21	30.6.20
	£	£
Bank loans (see note 17)	-	49,855
Hire purchase contracts (see note 18)	27,840	208,850
	<u>27,840</u>	<u>258,705</u>

Bank loans consisted of a 3 year loan at an interest rate of 4.05%. This loan is repayable in equal instalments and was 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%.

17. LOANS

An analysis of the maturity of loans is given below:

	30.6.21	30.6.20
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>47,938</u>	<u>573,333</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>-</u>	<u>49,855</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2021

18. **LEASING AGREEMENTS**

Minimum lease payments under hire purchase fall due as follows:

	30.6.21 £	30.6.20 £
Net obligations repayable:		
Within one year	180,322	289,363
Between one and five years	27,840	208,850
	<u>208,162</u>	<u>498,213</u>

Leasing arrangements consist of hire purchase contracts.

19. **SECURED DEBTS**

The following secured debts are included within creditors:

	30.6.21 £	30.6.20 £
Bank loans	47,938	623,188
Hire purchase contracts	208,162	498,213
	<u>256,100</u>	<u>1,121,401</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.

A fixed and floating charge has been registered by National Westminster Bank Plc dated 8th September 2020 over all the property or undertakings of the company.

20. **FINANCIAL INSTRUMENTS**

	2021	2020
£		
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>9,822,543</u>	<u>7,785,191</u>
	<u>9,822,543</u>	<u>7,785,191</u>
£		
Financial liabilities		
Financial liabilities measured at amortised cost	<u>3,722,783</u>	<u>5,512,673</u>
	<u>3,722,783</u>	<u>5,512,673</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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2021

21. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.6.21 £	30.6.20 £
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.

22. **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.

23. **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 £42,998 (2020 £55,293).

No contributions were outstanding to the pension scheme at 30 June 2021 (2020 £0).

24. **CAPITAL COMMITMENTS**

	30.6.21 £	30.6.20 £
Contracted but not provided for in the financial statements	<u>281,900</u>	<u>-</u>

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

The following advances and credits to a director subsisted during the year ended 30 June 2021 and the period ended 30 June 2020:

	30.6.21 £	30.6.20 £
J Cooper		
Balance outstanding at start of year	10,000	1,051
Amounts advanced	-	10,000
Amounts repaid	(10,000)	(1,051)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>10,000</u>

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

26. **RELATED PARTY DISCLOSURES**

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2021

26. RELATED PARTY DISCLOSURES - continued

Other related parties

	30.6.21	30.6.20
	£	£
Sales	200,973	40,339
Purchases	262,257	293,551
Amount due from related parties	152,344	152,480
Amount due to related parties	<u>387,601</u>	<u>341,059</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 £ 326,978 (2020 - £ 324,592) was paid.

27. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is controlled by its parent company, Woolley GMC Engineering Holdings Limited, which is controlled by C R F Shield. The registered office of the parent company is Third Floor, Two Colton Square, Leicester, Leicestershire, LE1 1QH.

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.