

REGISTERED NUMBER: 02427380 (England and Wales)

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 October 2017
for
Advanced Engineering Techniques Limited**

Harris & Co Limited
Chartered Accountants & Statutory Auditor
Marland House
13 Huddersfield Road
Barnsley
South Yorkshire
S70 2LW

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for the Year Ended 31 October 2017**

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Advanced Engineering Techniques Limited

**Company Information
for the Year Ended 31 October 2017**

DIRECTORS:

Mr R Copeland
Mr D Birch
Mrs E Spencer
Mrs A M Copeland
Mr S Woollen
Mr A J Richards

REGISTERED OFFICE:

Marland House
13 Huddersfield Road
Barnsley
South Yorkshire
S70 2LW

BUSINESS ADDRESS:

9 - 15 Holbrook Avenue
Holbrook Industrial Estate
Holbrook
Sheffield
South Yorkshire
S20 3FF

REGISTERED NUMBER:

02427380 (England and Wales)

AUDITORS:

Harris & Co Limited
Chartered Accountants & Statutory Auditor
Marland House
13 Huddersfield Road
Barnsley
South Yorkshire
S70 2LW

**Strategic Report
for the Year Ended 31 October 2017**

The directors present their strategic report for the year ended 31 October 2017.

REVIEW OF BUSINESS

During the accounting period the company saw unprecedented rises in material prices of circa 70%. This has had a significant impact on profitability due to honouring existing contractual obligations and the inevitable lag between receiving and passing on these increases going forward. These increases however directly account for around 50% of the increase in sales turnover, and additionally have significantly influenced the increase in valuation of stock and work in progress.

The Directors have addressed these issues by incorporating more stringent contractual conditions on repricing within agreements with all major customers. Whilst material prices remain unstable, the rate of change is very much reduced currently, and this has seen a return to profit for the business in recent months. Though there is some nervousness in the markets due to Brexit and US trade policy, AET are confident that it will have a good order book well into the foreseeable future.

Furthermore, in response to these economic challenges an emphasis has been placed on both proactively reshaping the business structure and capitalising on cost savings and lean operation opportunities. The successful implementation of these activities through this financial year, and their continuation beyond, will provide the company with a solid platform to re-establish higher margins in subsequent years, whilst gaining a stronger than ever control on the company's business strategies and financial direction.

The company's operations expose it to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk and interest rate risk. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

The board of directors is responsible for monitoring financial risk and for deciding where it would be appropriate to use financial instruments to manage this risk.

PRINCIPAL RISKS AND UNCERTAINTIES

Price risk - The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk - The company has implemented policies that require appropriate credit checks on potential customers before credit sales are made.

Liquidity risk - The company actively maintains a mixture of long-term and short term debt and in particular bank overdraft and invoice discounting finance that is designed to ensure that the company has sufficient available funds for its operations.

Interest rate cashflow risk - The company has interest bearing liabilities by way of bank loans and overdrafts, and therefore is exposed to interest rate cashflow risk. The board of directors regularly review the level and mix of debt to manage interest rate risk.

Foreign currency exchange risk - Where the company has transactions denominated in foreign currency and so is exposed to exchange rate risk, it manages this risk by keeping under review the need for forward contracts in the appropriate foreign currency as required.

Key performance indicators - We consider that our key performance indicators are those that communicate the financial performance and strength of the group as a whole, these being turnover and gross margin.

ON BEHALF OF THE BOARD:

Mr D Birch - Director

23 July 2018

**Report of the Directors
for the Year Ended 31 October 2017**

The directors present their report with the financial statements of the Company for the year ended 31 October 2017.

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was that of laser engineers, component producers and fabricators.

DIVIDENDS

The total distribution of dividends for the year ended 31 October 2017 was £180,000.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 November 2016 to the date of this report.

Mr R Copeland
Mr D Birch
Mrs E Spencer
Mrs A M Copeland
Mr S Woollen
Mr A J Richards

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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Report of the Directors
for the Year Ended 31 October 2017**

AUDITORS

The auditors, Harris & Co Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mr D Birch - Director

23 July 2018

Independent Auditors' Report to the Members of Advanced Engineering Techniques Limited

Opinion

We have audited the financial statements of Advanced Engineering Techniques Limited (the 'Company') for the year ended 31 October 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, 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 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Our opinion on the financial statements does not cover the other information and 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, 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.

Independent Auditors' Report to the Members of Advanced Engineering Techniques Limited

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.

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 an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

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 an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Hinchliffe BA FCA (Senior Statutory Auditor)
for and on behalf of Harris & Co Limited
Chartered Accountants & Statutory Auditor
Marland House
13 Huddersfield Road
Barnsley
South Yorkshire
S70 2LW

26 July 2018

**Statement of Comprehensive Income
for the Year Ended 31 October 2017**

	Notes	2017 £	2016 £
TURNOVER		13,434,925	10,381,589
Cost of sales		<u>11,931,681</u>	<u>8,823,443</u>
GROSS PROFIT		1,503,244	1,558,146
Administrative expenses		<u>1,441,564</u>	<u>1,472,593</u>
		61,680	85,553
Other operating income		<u>45,032</u>	<u>53,644</u>
OPERATING PROFIT	5	106,712	139,197
Interest payable and similar expenses	6	<u>99,982</u>	<u>106,314</u>
PROFIT BEFORE TAXATION		6,730	32,883
Tax on profit	7	<u>23,408</u>	<u>(166,567)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(16,678)	199,450
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(16,678)</u>	<u>199,450</u>

Statement of Financial Position
31 October 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Intangible assets	9	-	121,257
Tangible assets	10	<u>3,402,414</u>	<u>3,182,917</u>
		<u>3,402,414</u>	<u>3,304,174</u>
CURRENT ASSETS			
Stocks	11	725,287	483,496
Debtors	12	4,072,945	3,474,928
Cash at bank and in hand		<u>101,326</u>	<u>15,932</u>
		4,899,558	3,974,356
CREDITORS			
Amounts falling due within one year	13	<u>(5,857,974)</u>	<u>(4,223,805)</u>
NET CURRENT LIABILITIES		<u>(958,416)</u>	<u>(249,449)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,443,998	3,054,725
CREDITORS			
Amounts falling due after more than one year	14	(487,775)	(926,216)
PROVISIONS FOR LIABILITIES	19	<u>(301,999)</u>	<u>(277,607)</u>
NET ASSETS		<u>1,654,224</u>	<u>1,850,902</u>
CAPITAL AND RESERVES			
Called up share capital	20	75	75
Capital redemption reserve	21	25	25
Retained earnings	21	<u>1,654,124</u>	<u>1,850,802</u>
SHAREHOLDERS' FUNDS		<u>1,654,224</u>	<u>1,850,902</u>

The financial statements were approved by the Board of Directors on 23 July 2018 and were signed on its behalf by:

Mr D Birch - Director

**Statement of Changes in Equity
for the Year Ended 31 October 2017**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 November 2015	75	1,831,352	25	1,831,452
Changes in equity				
Dividends	-	(180,000)	-	(180,000)
Total comprehensive income	-	199,450	-	199,450
Balance at 31 October 2016	<u>75</u>	<u>1,850,802</u>	<u>25</u>	<u>1,850,902</u>
Changes in equity				
Dividends	-	(180,000)	-	(180,000)
Total comprehensive income	-	(16,678)	-	(16,678)
Balance at 31 October 2017	<u>75</u>	<u>1,654,124</u>	<u>25</u>	<u>1,654,224</u>

The notes form part of these financial statements

Statement of Cash Flows
for the Year Ended 31 October 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	374,099	483,819
Interest paid		(47,585)	(49,588)
Interest element of hire purchase payments paid		(52,397)	(56,726)
Tax paid		(5,591)	(77,874)
Net cash from operating activities		<u>268,526</u>	<u>299,631</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(597,641)	(290,517)
Sale of intangible fixed assets		121,257	-
Sale of tangible fixed assets		-	14,000
Net cash from investing activities		<u>(476,384)</u>	<u>(276,517)</u>
Cash flows from financing activities			
Loan repayments in year		(21,271)	(23,043)
Hire purchase repayments in year		(473,831)	(490,732)
New hire purchase agreements		90,046	194,988
Equity dividends paid		(180,000)	(180,000)
Net cash from financing activities		<u>(585,056)</u>	<u>(498,787)</u>
Decrease in cash and cash equivalents		<u>(792,914)</u>	<u>(475,673)</u>
Cash and cash equivalents at beginning of year	2	(1,628,776)	(1,153,103)
Cash and cash equivalents at end of year	2	<u>(2,421,690)</u>	<u>(1,628,776)</u>

The notes form part of these financial statements

Notes to the Statement of Cash Flows
for the Year Ended 31 October 2017

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

	2017	2016
	£	£
Profit before taxation	6,730	32,883
Depreciation charges	378,144	517,146
Profit on disposal of fixed assets	-	(14,000)
Government grants	(43,032)	(41,644)
Finance costs	99,982	106,314
	<u>441,824</u>	<u>600,699</u>
(Increase)/decrease in stocks	(241,791)	25,367
Increase in trade and other debtors	(594,826)	(152,286)
Increase in trade and other creditors	<u>768,892</u>	<u>10,039</u>
Cash generated from operations	<u>374,099</u>	<u>483,819</u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 October 2017

	31/10/17	1/11/16
	£	£
Cash and cash equivalents	101,326	15,932
Bank overdrafts	<u>(2,523,016)</u>	<u>(1,644,708)</u>
	<u>(2,421,690)</u>	<u>(1,628,776)</u>

Year ended 31 October 2016

	31/10/16	1/11/15
	£	£
Cash and cash equivalents	15,932	9,865
Bank overdrafts	<u>(1,644,708)</u>	<u>(1,162,968)</u>
	<u>(1,628,776)</u>	<u>(1,153,103)</u>

**Notes to the Financial Statements
for the Year Ended 31 October 2017**

1. STATUTORY INFORMATION

Advanced Engineering Techniques 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 and functional currency of the financial statements is the Pound Sterling (£).

2. STATEMENT OF COMPLIANCE

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.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Significant judgements and estimates

The principal accounting policies and significant judgements and estimates applied in the preparation of these financial statements are set out below. These policies, judgements and estimates have been consistently applied to all years presented unless otherwise stated.

The significant judgements and estimates applied are:

- the useful lives and residual values of tangible fixed assets at the end of their useful lives.
- During the year, the directors revised the estimated useful lives and residual values of certain fixed assets. The new depreciation rates are disclosed in the tangible fixed assets section to these accounting policies.
- the stage of completion and resulting valuation of, items in work in progress

Turnover

Turnover represents amounts earned on goods sold and services provided during the year, derives from the provision of goods and services falling within the company's ordinary activities and is recognised in the financial statements at the date that the goods are despatched.

Patents

Capitalised patent costs are either amortised at 10% per annum on a straight line basis or written off immediately where the patent has lapsed.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is shorter.

Long leasehold	-	Straight line over 25 years (previously straight line over 50 years)
Plant and machinery	-	Straight line over 5 to 15 years (previously 15% on reducing balance)
Fixtures and fittings	-	Straight line over 3 to 15 years (previously 15% on reducing balance)
Motor vehicles	-	Straight line over 4 years (previously 25% on reducing balance)

Stocks

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 items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport and handling costs bringing stocks to their present location and condition, including an appropriate of fixed and variable overheads.

Notes to the Financial Statements - continued
for the Year Ended 31 October 2017

3. **ACCOUNTING POLICIES - continued**

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 statement of financial position date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position 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.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

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.

Going concern

Taking into account the actions noted in the Review of the Business on page 2, and after reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

4. **EMPLOYEES AND DIRECTORS**

	2017	2016
	£	£
Wages and salaries	4,420,052	3,782,131
Social security costs	386,393	322,865
Other pension costs	50,063	46,050
	<u>4,856,508</u>	<u>4,151,046</u>

Notes to the Financial Statements - continued
for the Year Ended 31 October 2017

4. **EMPLOYEES AND DIRECTORS - continued**

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

	2017	2016
Sales, design and manufacturing staff	155	152
Administrative staff and directors	11	12
	<u>166</u>	<u>164</u>

	2017	2016
	£	£
Directors' remuneration	257,722	281,111
Directors' pension contributions to money purchase schemes	<u>20,801</u>	<u>19,201</u>

Information regarding the highest paid director is as follows:

	2017	2016
	£	£
Emoluments etc	75,539	81,481
Pension contributions to money purchase schemes	<u>5,160</u>	<u>4,760</u>

5. **OPERATING PROFIT**

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

	2017	2016
	£	£
Hire of plant and machinery	26,361	1,482
Other operating leases	56,181	52,628
Depreciation - owned assets	339,266	180,013
Depreciation - assets on hire purchase contracts	38,878	304,570
Profit on disposal of fixed assets	-	(14,000)
Patents and licences amortisation	-	32,563
Auditors' remuneration	<u>29,854</u>	<u>28,000</u>

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2017	2016
	£	£
Bank interest	47,397	49,588
Other interest	188	-
Hire purchase	<u>52,397</u>	<u>56,726</u>
	<u>99,982</u>	<u>106,314</u>

Notes to the Financial Statements - continued
for the Year Ended 31 October 2017

7. TAXATION

Analysis of the tax charge/(credit)

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

	2017 £	2016 £
Current tax:		
UK corporation tax	(984)	5,242
Deferred tax	24,392	(171,809)
Tax on profit	<u>23,408</u>	<u>(166,567)</u>

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

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

	2017 £	2016 £
Profit before tax	<u>6,730</u>	<u>32,883</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2016 - 20%)	1,279	6,577
Effects of:		
Income not taxable for tax purposes	(380)	-
Capital allowances in excess of depreciation	(15,704)	(1,335)
Adjustments to tax charge in respect of previous periods	2,207	-
previous years		
Tax losses carried forward	11,614	-
Deferred taxation	24,392	(171,809)
Total tax charge/(credit)	<u>23,408</u>	<u>(166,567)</u>

8. DIVIDENDS

	2017 £	2016 £
A Ordinary shares of £1 each		
Interim	12,000	12,000
B Ordinary shares of £1 each		
Interim	48,000	48,000
C Ordinary shares of £1 each		
Interim	60,000	60,000
D Ordinary shares of £1 each		
Interim	60,000	60,000
	<u>180,000</u>	<u>180,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 October 2017

9. INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
At 1 November 2016	342,106
Disposals	(342,106)
At 31 October 2017	-
AMORTISATION	
At 1 November 2016	220,849
Eliminated on disposal	(220,849)
At 31 October 2017	-
NET BOOK VALUE	
At 31 October 2017	-
At 31 October 2016	<u>121,257</u>

10. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 November 2016	760,112	5,039,871	153,466	24,369	5,977,818
Additions	144,057	323,406	111,953	18,225	597,641
Disposals	-	(136,000)	-	(24,369)	(160,369)
Reclassification/transfer	67,602	(117,387)	49,785	-	-
At 31 October 2017	<u>971,771</u>	<u>5,109,890</u>	<u>315,204</u>	<u>18,225</u>	<u>6,415,090</u>
DEPRECIATION					
At 1 November 2016	184,817	2,480,049	107,779	22,256	2,794,901
Charge for year	110,257	216,231	45,897	5,759	378,144
Eliminated on disposal	-	(136,000)	-	(24,369)	(160,369)
Revaluation adjustments	23,091	(82,128)	59,037	-	-
At 31 October 2017	<u>318,165</u>	<u>2,478,152</u>	<u>212,713</u>	<u>3,646</u>	<u>3,012,676</u>
NET BOOK VALUE					
At 31 October 2017	<u>653,606</u>	<u>2,631,738</u>	<u>102,491</u>	<u>14,579</u>	<u>3,402,414</u>
At 31 October 2016	<u>575,295</u>	<u>2,559,822</u>	<u>45,687</u>	<u>2,113</u>	<u>3,182,917</u>

During the year, in conjunction with a review of estimated useful economic lives and residual values, the directors also reclassified certain categories of fixed assets.

Notes to the Financial Statements - continued
for the Year Ended 31 October 2017

10. **TANGIBLE FIXED ASSETS - continued**

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

	Plant and machinery £	Fixtures and fittings £	Totals £
COST			
At 1 November 2016	2,455,510	-	2,455,510
Additions	69,600	13,937	83,537
At 31 October 2017	<u>2,525,110</u>	<u>13,937</u>	<u>2,539,047</u>
DEPRECIATION			
At 1 November 2016	727,427	-	727,427
Charge for year	36,091	2,787	38,878
At 31 October 2017	<u>763,518</u>	<u>2,787</u>	<u>766,305</u>
NET BOOK VALUE			
At 31 October 2017	<u>1,761,592</u>	<u>11,150</u>	<u>1,772,742</u>
At 31 October 2016	<u>1,728,083</u>	<u>-</u>	<u>1,728,083</u>

11. **STOCKS**

	2017 £	2016 £
Raw materials	77,108	39,032
Work-in-progress	<u>648,179</u>	<u>444,464</u>
	<u>725,287</u>	<u>483,496</u>

The value of stock as an expense is £4,180,955 (2016: £2,897,166).

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

	2017 £	2016 £
Trade debtors	3,950,052	2,392,439
Other debtors	6,125	992,932
Directors' current accounts	25,010	7,993
Corporation tax	3,191	-
Prepayments and accrued income	<u>88,567</u>	<u>81,564</u>
	<u>4,072,945</u>	<u>3,474,928</u>

Notes to the Financial Statements - continued
for the Year Ended 31 October 2017

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

	2017	2016
	£	£
Bank loans and overdrafts (see note 15)	2,542,033	1,663,726
Hire purchase contracts (see note 16)	376,865	408,631
Trade creditors	2,385,358	1,638,324
Corporation tax	-	3,384
Social security and other taxes	101,109	90,988
VAT	231,253	164,379
Other creditors	14,547	12,322
Directors' current accounts	-	16
Accruals and deferred income	206,809	242,035
	<u>5,857,974</u>	<u>4,223,805</u>

The bank overdraft is secured by a fixed charge over the assets of the company including outstanding sales invoices.

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

	2017	2016
	£	£
Bank loans (see note 15)	12,058	33,328
Hire purchase contracts (see note 16)	475,717	827,736
Other creditors	-	65,152
	<u>487,775</u>	<u>926,216</u>

The hire purchase creditors are secured on the assets to which they relate.

15. **LOANS**

An analysis of the maturity of loans is given below:

	2017	2016
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	2,523,016	1,644,708
Bank loans	19,017	19,018
	<u>2,542,033</u>	<u>1,663,726</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>12,058</u>	<u>33,328</u>

Notes to the Financial Statements - continued
for the Year Ended 31 October 2017

16. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2017	2016
	£	£
Net obligations repayable:		
Within one year	376,865	408,631
Between one and five years	475,717	827,736
	<u>852,582</u>	<u>1,236,367</u>
	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	118,938	76,570
Between one and five years	240,026	102,552
	<u>358,964</u>	<u>179,122</u>

17. **SECURED DEBTS**

The following secured debts are included within creditors:

	2017	2016
	£	£
Bank overdrafts	2,523,016	1,644,708
Bank loans	31,075	52,346
Hire purchase contracts	852,582	1,236,367
	<u>3,406,673</u>	<u>2,933,421</u>

The bank overdrafts and loans are secured by a fixed charge over the assets of the company including outstanding sales invoices. The hire purchase creditors are secured on the assets to which they relate.

18. **FINANCIAL INSTRUMENTS**

The carrying amounts of the company's financial instruments are:

Financial assets

Debt instruments measured at amortised cost £4,082,513 (2016 - £3,409,296).

Financial liabilities

Measured at amortised cost £6,013,381 (2016 - £4,891,254).

19. **PROVISIONS FOR LIABILITIES**

	2017	2016
	£	£
Deferred tax		
Accelerated capital allowances	<u>301,999</u>	<u>277,607</u>

Notes to the Financial Statements - continued
for the Year Ended 31 October 2017

19. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 November 2016	277,607
Charge to Statement of Comprehensive Income during year	24,392
Balance at 31 October 2017	<u>301,999</u>

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
13	A Ordinary	£1	13	13
12	B Ordinary	£1	12	12
25	C Ordinary	£1	25	25
25	D Ordinary	£1	25	25
			<u>75</u>	<u>75</u>

21. RESERVES

Reserves consist of the following:

Retained earnings represents the company's cumulative distributable reserves.

Capital redemption reserve represents cumulative amounts set aside within reserves as share capital is redeemed or repurchased.

22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 October 2017 and 31 October 2016:

	2017 £	2016 £
Mrs A M Copeland		
Balance outstanding at start of year	5,466	5,466
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>5,466</u>	<u>5,466</u>
Mr R Copeland		
Balance outstanding at start of year	1,368	1,368
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>1,368</u>	<u>1,368</u>

Notes to the Financial Statements - continued
for the Year Ended 31 October 2017

22. **DIRECTORS' ADVANCES, CREDITS AND GUARANTEES - continued**

Mr D Birch

Balance outstanding at start of year	(15)	(15)
Amounts advanced	50,697	-
Amounts repaid	(33,966)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>16,716</u>	<u>(15)</u>

Mrs E Spencer

Balance outstanding at start of year	1,160	-
Amounts advanced	301	1,160
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>1,461</u>	<u>1,160</u>

The above loans are all interest free and repayable on demand.

23. **RELATED PARTY DISCLOSURES**

Other related parties

	2017	2016
	£	£
Sales	-	90,011
Rent payable	153,000	153,000
Amount due from related party	-	983,726
Amount due to related party	<u>4,260</u>	<u>70,982</u>

During the year, a total of key management personnel compensation of £ 257,722 (2016 - £ 281,111) was paid.

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