

**Strategic Report,  
Report of the Directors and  
Financial Statements  
for the Year Ended 29th February 2020  
for  
GENERAL ENGINEERING  
(TREATMENTS) LIMITED**

**GENERAL ENGINEERING  
(TREATMENTS) LIMITED (REGISTERED NUMBER: 03415558)**

**Contents of the Financial Statements  
for the year ended 29th February 2020**

---

	<b>Page</b>
<b>Company Information</b>	1
<b>Strategic Report</b>	2
<b>Report of the Directors</b>	4
<b>Report of the Independent Auditors</b>	6
<b>Profit and Loss Account</b>	8
<b>Other Comprehensive Income</b>	9
<b>Balance Sheet</b>	10
<b>Statement of Changes in Equity</b>	11
<b>Cash Flow Statement</b>	12
<b>Notes to the Cash Flow Statement</b>	13
<b>Notes to the Financial Statements</b>	14

---

# **GENERAL ENGINEERING (TREATMENTS) LIMITED**

## **Company Information for the year ended 29th February 2020**

---

**DIRECTORS:**

Mr A P Boulton  
Mr A D Varley

**SECRETARY:**

Mr A P Boulton

**REGISTERED OFFICE:**

Monometer House  
Rectory Grove  
Leigh on Sea  
Essex  
SS9 2HN

**REGISTERED NUMBER:**

03415558 (England and Wales)

**AUDITORS:**

Barrons  
Chartered Accountants  
& Statutory Auditors  
Monometer House  
Rectory Grove  
Leigh on Sea  
Essex  
SS9 2HN

# **GENERAL ENGINEERING (TREATMENTS) LIMITED (REGISTERED NUMBER: 03415558)**

## **Strategic Report for the year ended 29th February 2020**

---

### **Introduction**

The directors present their strategic report for the year ended 29th February 2020.

### **Business review**

The principal activity of the Company continued to be that of the surface treatment of aerospace components during the year ended 29th February 2020.

During the year under review the Company's turnover has decreased by 28.2% to £3,681,906 (2019: £5,129,732) with the gross profit margin decreasing by 3.16% to 38.64% (2019: 41.8%). The drop in underlying profit margin was not unexpected due to staff retention during a decline in turnover in anticipation of two major projects commencing in Q1 2020.

Overall pre-tax profit for the year was £381,518 (2019: £3,708,275).

Closing cash balances increased to £6.61m at the year end from £6.41m in 2019 outlining the strong management of cash and the ability to convert trading profits into cash during a period of declining turnover.

Senior management continue to effectively monitor key performance indicators via the production of accurate and timely monthly management accounts.

Customer satisfaction is a key indicator given the competitive nature of the business and any long-term contracts stipulate specific OTD and PPM objectives. Currently the business achieved 98.6% OTD and zero Non-Conformance Reports since Sept '19. The average score for customer feedback was 372 being above the target of 350. Both KPI's are regularly monitored internally and via customer feedback.

Staff costs remain the significant cost within the business with the average employee count throughout the year reducing by 10 employees from 64 to 54 resulting in a reduction in wages and salaries of 16.2%

The Company's operations are subject to the laws governing business in general including health and safety, labour and employment practices and other matters.

### **Principle risks and uncertainties**

#### **Liquidity risk**

The business is in a positive cash flow position and any capital investment is financed out of working capital. Excess cash funds are currently invested in 32 days interest bearing accounts which allows easy access in the event funds are required whilst achieving reasonable rates of interest.

#### **Economic uncertainties**

#### **Brexit**

The uncertain outcome around Brexit is having an adverse effect on the stability of the Aerospace sector within the UK, however the business is prepared that in the event of a no deal exit, all requirements for cross border trade are in place and risk assessments have been carried out to ensure that supply of key materials will not be affected.

**GENERAL ENGINEERING  
(TREATMENTS) LIMITED (REGISTERED NUMBER: 03415558)**

**Strategic Report  
for the year ended 29th February 2020**

---

**COVID-19**

Although the current financial statements were not affected by COVID-19, it has had a significant effect on the business and the aerospace industry in general. Turnover has reduced by 70% and expected to remain at this level for 2020. The Company has made use of the Coronavirus Job Retention Scheme with, at its height, 90% of staff placed on furlough. Medium terms issues have been managed effectively with the use KPIs being utilised to monitor staffing levels and actions taken accordingly. However, the Company is in a strong financial position and coupled with the ability to react quickly to changing customer demands, will be in a good position when the industry stabilises in 2021.

**ON BEHALF OF THE BOARD:**

Mr A P Boulton - Director

9th November 2020

# **GENERAL ENGINEERING (TREATMENTS) LIMITED (REGISTERED NUMBER: 03415558)**

## **Report of the Directors for the year ended 29th February 2020**

---

The directors present their report with the financial statements of the company for the year ended 29th February 2020.

### **DIVIDENDS**

The total distribution of dividends for the year ended 29th February 2020 will be £ 521,016 .

### **DIRECTORS**

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

Mr A P Boulton  
Mr A D Varley

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report 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 judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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.

**GENERAL ENGINEERING  
(TREATMENTS) LIMITED (REGISTERED NUMBER: 03415558)**

**Report of the Directors  
for the year ended 29th February 2020**

---

**AUDITORS**

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

**ON BEHALF OF THE BOARD:**

Mr A P Boulton - Director

9th November 2020

# **Report of the Independent Auditors to the Members of General Engineering (Treatments) Limited**

---

## **Opinion**

We have audited the financial statements of General Engineering (Treatments) Limited (the 'company') for the year ended 29th February 2020 which comprise the Profit and Loss Account, Other 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 29th February 2020 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.

## **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.



# **Report of the Independent Auditors to the Members of General Engineering (Treatments) 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 four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditors' responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://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.

Russell Tillbrook FCCA (Senior Statutory Auditor)  
for and on behalf of Barrons  
Chartered Accountants  
& Statutory Auditors  
Monometer House  
Rectory Grove  
Leigh on Sea  
Essex  
SS9 2HN

9th November 2020

**GENERAL ENGINEERING  
(TREATMENTS) LIMITED (REGISTERED NUMBER: 03415558)**

**Profit and Loss Account  
for the year ended 29th February 2020**

	Notes	2020 £	£	2019 £	£
<b>TURNOVER</b>	3		<b>3,681,906</b>		5,129,732
Cost of sales			<u>2,259,232</u>		<u>2,985,641</u>
<b>GROSS PROFIT</b>			<b>1,422,674</b>		2,144,091
Administrative expenses			<u>1,097,536</u>		<u>1,289,864</u>
			<b>325,138</b>		854,227
Other operating income			-		13,282
<b>OPERATING PROFIT</b>	5		<b>325,138</b>		<u>867,509</u>
Income from participating interests		-		400,000	
Income from fixed asset investments		-		2,429,924	
Interest receivable and similar income		<u>56,380</u>		<u>11,897</u>	
			<b>56,380</b>		2,841,821
			<b>381,518</b>		3,709,330
Interest payable and similar expenses	7		-		1,055
<b>PROFIT BEFORE TAXATION</b>			<b>381,518</b>		<u>3,708,275</u>
Tax on profit	8		<u>86,327</u>		<u>180,303</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>			<b>295,191</b>		<u>3,527,972</u>

The notes form part of these financial statements

**GENERAL ENGINEERING  
(TREATMENTS) LIMITED (REGISTERED NUMBER: 03415558)**

**Other Comprehensive Income  
for the year ended 29th February 2020**

	Notes	2020 £	2019 £
<b>PROFIT FOR THE YEAR</b>		<b>295,191</b>	<b>3,527,972</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>295,191</b></u>	<u><b>3,527,972</b></u>

The notes form part of these financial statements

**GENERAL ENGINEERING  
(TREATMENTS) LIMITED (REGISTERED NUMBER: 03415558)**

**Balance Sheet  
29th February 2020**

	Notes	2020 £	£	2019 £	£
<b>FIXED ASSETS</b>					
Tangible assets	10		540,899		685,411
<b>CURRENT ASSETS</b>					
Stocks	11	21,527		27,339	
Debtors	12	1,156,864		1,610,202	
Cash at bank and in hand		<u>6,612,982</u>		<u>6,410,675</u>	
		7,791,373		8,048,216	
<b>CREDITORS</b>					
Amounts falling due within one year	13	<u>404,340</u>		<u>562,670</u>	
<b>NET CURRENT ASSETS</b>			<u>7,387,033</u>		<u>7,485,546</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			7,927,932		8,170,957
<b>PROVISIONS FOR LIABILITIES</b>	15		<u>53,444</u>		<u>70,644</u>
<b>NET ASSETS</b>			<u>7,874,488</u>		<u>8,100,313</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		99		99
Retained earnings			<u>7,874,389</u>		<u>8,100,214</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>7,874,488</u>		<u>8,100,313</u>

The financial statements were approved by the Board of Directors and authorised for issue on 9th November 2020 and were signed on its behalf by:

Mr A P Boulton - Director

**GENERAL ENGINEERING  
(TREATMENTS) LIMITED (REGISTERED NUMBER: 03415558)**

**Statement of Changes in Equity  
for the year ended 29th February 2020**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1st March 2018</b>	99	5,052,825	5,052,924
<b>Changes in equity</b>			
Dividends	-	(480,583)	(480,583)
Total comprehensive income	-	3,527,972	3,527,972
<b>Balance at 28th February 2019</b>	99	8,100,214	8,100,313
<b>Changes in equity</b>			
Dividends	-	(521,016)	(521,016)
Total comprehensive income	-	295,191	295,191
<b>Balance at 29th February 2020</b>	99	7,874,389	7,874,488

The notes form part of these financial statements

**GENERAL ENGINEERING  
(TREATMENTS) LIMITED (REGISTERED NUMBER: 03415558)**

**Cash Flow Statement  
for the year ended 29th February 2020**

		<b>2020</b>	<b>2019</b>
	Notes	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	913,427	868,160
Interest element of hire purchase or finance lease rental payments paid		-	(1,055)
Tax paid		<u>(205,353)</u>	<u>(125,104)</u>
Net cash from operating activities		<u>708,074</u>	<u>742,001</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(37,605)	(6,541)
Sale of tangible fixed assets		-	168,999
Sale of fixed asset investments		-	2,430,924
Interest received		52,854	11,897
Dividends received		-	400,000
Net cash from investing activities		<u>15,249</u>	<u>3,005,279</u>
<b>Cash flows from financing activities</b>			
Capital repayments in year		-	(45,497)
Equity dividends paid		<u>(521,016)</u>	<u>(480,583)</u>
Net cash from financing activities		<u>(521,016)</u>	<u>(526,080)</u>
<b>Increase in cash and cash equivalents</b>		<u>202,307</u>	<u>3,221,200</u>
<b>Cash and cash equivalents at beginning of year</b>	2	6,410,675	3,189,475
<b>Cash and cash equivalents at end of year</b>	2	<u>6,612,982</u>	<u>6,410,675</u>

The notes form part of these financial statements

**GENERAL ENGINEERING  
(TREATMENTS) LIMITED (REGISTERED NUMBER: 03415558)**

**Notes to the Cash Flow Statement  
for the year ended 29th February 2020**

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

	2020	2019
	£	£
Profit before taxation	381,518	3,708,275
Depreciation charges	182,117	209,185
Profit on disposal of fixed assets	-	(13,874)
Other interest	3,526	-
Finance costs	-	1,055
Finance income	(56,380)	(2,841,821)
	<u>510,781</u>	<u>1,062,820</u>
Decrease/(increase) in stocks	5,812	(1,500)
Decrease/(increase) in trade and other debtors	453,338	(86,046)
Decrease in trade and other creditors	(56,504)	(107,114)
<b>Cash generated from operations</b>	<u><b>913,427</b></u>	<u><b>868,160</b></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 29th February 2020**

	29.2.20	1.3.19
	£	£
Cash and cash equivalents	<u><b>6,612,982</b></u>	<u><b>6,410,675</b></u>

**Year ended 28th February 2019**

	28.2.19	1.3.18
	£	£
Cash and cash equivalents	<u><b>6,410,675</b></u>	<u><b>3,189,475</b></u>

**3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.3.19	Cash flow	At 29.2.20
	£	£	£
<b>Net cash</b>			
Cash at bank and in hand	<u><b>6,410,675</b></u>	<u><b>202,307</b></u>	<u><b>6,612,982</b></u>
	<u><b>6,410,675</b></u>	<u><b>202,307</b></u>	<u><b>6,612,982</b></u>
<b>Total</b>	<u><b>6,410,675</b></u>	<u><b>202,307</b></u>	<u><b>6,612,982</b></u>

The notes form part of these financial statements

# **GENERAL ENGINEERING (TREATMENTS) LIMITED (REGISTERED NUMBER: 03415558)**

## **Notes to the Financial Statements for the year ended 29th February 2020**

---

### **1. STATUTORY INFORMATION**

General Engineering (Treatments) 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.

### **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.

#### **Significant judgements and estimates**

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

#### **Turnover**

The turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before the revenue is recognised:

#### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.



# **GENERAL ENGINEERING (TREATMENTS) LIMITED (REGISTERED NUMBER: 03415558)**

## **Notes to the Financial Statements - continued for the year ended 29th February 2020**

---

### **2. ACCOUNTING POLICIES - continued**

#### **Tangible fixed assets**

Tangible fixed assets 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 residual value over their estimated useful lives, using either a straight line or reducing balance method, as indicated below.

Improvements to property	- 10% on cost
Plant and machinery	- 10% and 20% on cost
Fixtures and fittings	- 20% and 33% on cost
Motor vehicles	- 25% on cost

The asset's 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 profit or loss.

#### **Investments in associates**

Investments in associate undertakings are recognised at cost.

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If Stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit and loss.

#### **Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, 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.

**GENERAL ENGINEERING  
(TREATMENTS) LIMITED (REGISTERED NUMBER: 03415558)**

**Notes to the Financial Statements - continued  
for the year ended 29th February 2020**

---

**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**

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.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates a money purchase pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate to.

**Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit and loss.

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.

**Debtors**

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

**Cash and cash equivalents**

Cash and cash equivalents are represented by cash in hand, deposits held at call with financial institutions, and other short-term highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amount of cash with insignificant risk of change in value.

**Creditors**

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

**GENERAL ENGINEERING  
(TREATMENTS) LIMITED (REGISTERED NUMBER: 03415558)**

**Notes to the Financial Statements - continued  
for the year ended 29th February 2020**

**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:

	2020 £	2019 £
United Kingdom	3,436,420	3,923,819
Rest of the World	245,486	1,205,913
	<u>3,681,906</u>	<u>5,129,732</u>

**4. EMPLOYEES AND DIRECTORS**

	2020 £	2019 £
Wages and salaries	1,543,663	1,841,193
Social security costs	147,745	170,037
Other pension costs	41,178	32,589
	<u>1,732,586</u>	<u>2,043,819</u>

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

	2020	2019
Production	45	56
Administration	9	8
	<u>54</u>	<u>64</u>

	2020 £	2019 £
Directors' remuneration	89,623	89,098
Directors' pension contributions to money purchase schemes	<u>9,600</u>	<u>9,600</u>

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

	2020	2019
Money purchase schemes	<u>1</u>	<u>1</u>

**GENERAL ENGINEERING  
(TREATMENTS) LIMITED (REGISTERED NUMBER: 03415558)**

**Notes to the Financial Statements - continued  
for the year ended 29th February 2020**

**5. OPERATING PROFIT**

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

	<b>2020</b>	2019
	£	£
Hire of plant and machinery	<b>9,259</b>	15,036
Depreciation - owned assets	<b>182,117</b>	187,185
Depreciation - assets on hire purchase contracts or finance leases	-	22,000
Profit on disposal of fixed assets	-	(13,874)
Auditors' remuneration	<b>9,250</b>	9,150
Foreign exchange differences	<b>(20,821)</b>	(16,222)
Auditors non audit service fees	<u><b>1,570</b></u>	<u>18,218</u>

During the year the amount of stock recognised as an expense totalled £672,530 (2019: £877,823).

**6. EXCEPTIONAL ITEMS**

Last financial year the company sold its 50% shareholding in a subsidiary company which resulted in the company making a profit on the disposal of this investment totalling £2,429,924. The profit has been disclosed under other income.

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>2020</b>	2019
	£	£
Hire purchase interest	<u>-</u>	<u>1,055</u>

**8. TAXATION**

**Analysis of the tax charge**

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

	<b>2020</b>	2019
	£	£
Current tax:		
UK corporation tax	<b>103,527</b>	205,353
Deferred tax	<u><b>(17,200)</b></u>	<u>(25,050)</u>
Tax on profit	<u><b>86,327</b></u>	<u>180,303</u>

**GENERAL ENGINEERING  
(TREATMENTS) LIMITED (REGISTERED NUMBER: 03415558)**

**Notes to the Financial Statements - continued  
for the year ended 29th February 2020**

**8. TAXATION - continued**

**Reconciliation of total tax charge included in profit and loss**

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

	2020 £	2019 £
Profit before tax	<u>381,518</u>	<u>3,708,275</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	72,488	704,572
Effects of:		
Expenses not deductible for tax purposes	5,973	5,550
Income not taxable for tax purposes	-	(464,321)
Depreciation in excess of capital allowances during year	25,066	35,552
Deferred tax	(17,200)	(25,050)
Income not taxable	-	(76,000)
Total tax charge	<u>86,327</u>	<u>180,303</u>

**9. DIVIDENDS**

	2020 £	2019 £
Ordinary shares of £1 each		
Interim	181,016	180,583
Redeemable preference shares of £1 each		
Preference dividend	<u>340,000</u>	<u>300,000</u>
	<u>521,016</u>	<u>480,583</u>

**GENERAL ENGINEERING  
(TREATMENTS) LIMITED (REGISTERED NUMBER: 03415558)**

**Notes to the Financial Statements - continued  
for the year ended 29th February 2020**

**10. TANGIBLE FIXED ASSETS**

	<b>Improvements to property £</b>	<b>Plant and machinery £</b>	<b>Fixtures and fittings £</b>	<b>Motor vehicles £</b>	<b>Totals £</b>
<b>COST</b>					
At 1st March 2019	502,068	1,033,866	84,531	178,994	1,799,459
Additions	-	37,605	-	-	37,605
Disposals	-	-	-	(4,583)	(4,583)
At 29th February 2020	<u>502,068</u>	<u>1,071,471</u>	<u>84,531</u>	<u>174,411</u>	<u>1,832,481</u>
<b>DEPRECIATION</b>					
At 1st March 2019	261,665	597,050	84,231	171,102	1,114,048
Charge for year	43,121	130,804	300	7,892	182,117
Eliminated on disposal	-	-	-	(4,583)	(4,583)
At 29th February 2020	<u>304,786</u>	<u>727,854</u>	<u>84,531</u>	<u>174,411</u>	<u>1,291,582</u>
<b>NET BOOK VALUE</b>					
At 29th February 2020	<u>197,282</u>	<u>343,617</u>	<u>-</u>	<u>-</u>	<u>540,899</u>
At 28th February 2019	<u>240,403</u>	<u>436,816</u>	<u>300</u>	<u>7,892</u>	<u>685,411</u>

**11. STOCKS**

	<b>2020 £</b>	<b>2019 £</b>
Raw materials	<u>21,527</u>	<u>27,339</u>

**12. DEBTORS**

	<b>2020 £</b>	<b>2019 £</b>
Amounts falling due within one year:		
Trade debtors	895,039	1,345,126
Other debtors	9,000	218,771
Prepayments and accrued income	<u>49,299</u>	<u>46,305</u>
	<u>953,338</u>	<u>1,610,202</u>
Amounts falling due after more than one year:		
Amounts owed by participating interests	<u>203,526</u>	<u>-</u>
Aggregate amounts	<u>1,156,864</u>	<u>1,610,202</u>

**GENERAL ENGINEERING  
(TREATMENTS) LIMITED (REGISTERED NUMBER: 03415558)**

**Notes to the Financial Statements - continued  
for the year ended 29th February 2020**

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>153,755</b>	194,331
Corporation tax	<b>103,527</b>	205,353
Social security and other taxes	<b>32,318</b>	36,704
VAT	<b>99,455</b>	100,587
Other creditors	<b>3,208</b>	3,450
Accruals and deferred income	<b>12,077</b>	22,245
	<b><u>404,340</u></b>	<b><u>562,670</u></b>

**14. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Within one year	<b>134,916</b>	113,314
Between one and five years	<b>454,602</b>	340,231
In more than five years	<b>318,794</b>	386,644
	<b><u>908,312</u></b>	<b><u>840,189</u></b>

During the year lease payments of £131,270 (2019: £135,609) were recognised as an expense.

**15. PROVISIONS FOR LIABILITIES**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Deferred tax	<b><u>53,444</u></b>	<b><u>70,644</u></b>
		<b>Deferred tax</b>
		<b>£</b>
Balance at 1st March 2019		<b>70,644</b>
Accelerated capital allowances		<b>(17,200)</b>
Balance at 29th February 2020		<b><u>53,444</u></b>

**16. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			<b>2020</b>	<b>2019</b>
Number:	Class:	Nominal value:	<b>£</b>	<b>£</b>
97	Ordinary	£1	<b>97</b>	97
2	Redeemable preference	£1	<b><u>2</u></b>	<b><u>2</u></b>
			<b><u>99</u></b>	<b><u>99</u></b>

**GENERAL ENGINEERING  
(TREATMENTS) LIMITED (REGISTERED NUMBER: 03415558)**

**Notes to the Financial Statements - continued  
for the year ended 29th February 2020**

---

**16. CALLED UP SHARE CAPITAL - continued**

Both the Ordinary and Redeemable Preference shares have their voting rights and obligations set out in the Articles of Association.

**17. RELATED PARTY DISCLOSURES**

During the year, total dividends of £379,189 (2019: £339,095) were paid to the directors.

The company made rental payments to directors during the year totalling £62,912 (2019: £62,912).

During the year General Engineering (Treatments) Limited received dividends from a company it had a participating interest in totalling £Nil (2019: £400,000).

As at the balance sheet date a shareholder of the company owed the company £203,526 (2019: £Nil).



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.