

REGISTERED NUMBER: 03415558 (England and Wales)

**Strategic Report,
Report of the Directors and
Financial Statements
for the Year Ended 28th February 2018
for
GENERAL ENGINEERING
(TREATMENTS) LIMITED**

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

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for the year ended 28th February 2018**

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GENERAL ENGINEERING (TREATMENTS) LIMITED

Company Information for the year ended 28th February 2018

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 28th February 2018**

The directors present their strategic report for the year ended 28th February 2018.

The principal activity of the Company continued to be that of the surface treatment of aerospace components during the year ended 28th February 2018.

During the year under review the Company's turnover has decreased by 24.3% to £5,585,041 (2017: £7,377,193) and had a gross profit margin of 36.3% (2017: 45.3%). During the year a major exercise was carried out to convert the Chromic Acid Anodise lines to Tartaric Sulphuric Anodise lines. This decision was driven by Airbus and European REACH requirements to move away from chrome-based treatments. The process disrupted throughput and ultimately had an adverse effect on turnover and profit. The Company now operates and complies with all REACH Regulations and although turnover is not expected to increase dramatically, the underlying profit margin should return to historical figures.

Overall pre-tax profit for the year was £818,840 (2017: £2,021,999).

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

The Company continues to monitor market trends and will continue to seek new customers and opportunities within its sector.

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

After the balance sheet date the directors made the strategic decision to dispose of the 50% investment held in GEB Surface Treatments Limited which has now completed and sold for proceeds in excess of carrying costs.

ON BEHALF OF THE BOARD:

Mr A P Boulton - Director

23rd November 2018

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

Report of the Directors for the year ended 28th February 2018

The directors present their report with the financial statements of the company for the year ended 28th February 2018.

DIVIDENDS

The total distribution of dividends for the year ended 28th February 2018 will be £ 552,021 .

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st March 2017 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 28th February 2018**

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

23rd November 2018

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 28th February 2018 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 28th February 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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 three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

23rd November 2018

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

**Profit and Loss Account
for the year ended 28th February 2018**

	Notes	2018 £	£	2017 £	£
TURNOVER	3		5,585,041		7,377,193
Cost of sales			<u>3,559,629</u>		<u>4,037,344</u>
GROSS PROFIT			2,025,412		3,339,849
Administrative expenses			<u>1,363,594</u>		<u>1,318,406</u>
			661,818		2,021,443
Other operating income			<u>9,984</u>		<u>8,400</u>
OPERATING PROFIT	5		671,802		2,029,843
Income from participating interests		150,000		-	
Interest receivable and similar income		<u>1,077</u>		<u>766</u>	
			151,077		766
			822,879		2,030,609
Interest payable and similar expenses	6		<u>4,039</u>		<u>8,610</u>
PROFIT BEFORE TAXATION			818,840		2,021,999
Tax on profit	7		<u>137,055</u>		<u>420,123</u>
PROFIT FOR THE FINANCIAL YEAR			681,785		<u>1,601,876</u>

The notes form part of these financial statements

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

**Other Comprehensive Income
for the year ended 28th February 2018**

	Notes	2018 £	2017 £
PROFIT FOR THE YEAR		681,785	1,601,876
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>681,785</u>	<u>1,601,876</u>

The notes form part of these financial statements

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

**Balance Sheet
28th February 2018**

	Notes	2018 £	£	2017 £	£
FIXED ASSETS					
Tangible assets	9		1,043,180		951,135
Investments	10		<u>1,000</u>		<u>1,000</u>
			1,044,180		952,135
CURRENT ASSETS					
Stocks	11	25,839		24,372	
Debtors	12	1,524,156		1,784,832	
Cash at bank and in hand		<u>3,189,475</u>		<u>3,576,951</u>	
		4,739,470		5,386,155	
CREDITORS					
Amounts falling due within one year	13	<u>635,032</u>		<u>1,285,890</u>	
NET CURRENT ASSETS			<u>4,104,438</u>		<u>4,100,265</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,148,618		5,052,400
CREDITORS					
Amounts falling due after more than one year	14		-		(45,497)
PROVISIONS FOR LIABILITIES	17		<u>(95,694)</u>		<u>(83,743)</u>
NET ASSETS			<u>5,052,924</u>		<u>4,923,160</u>
CAPITAL AND RESERVES					
Called up share capital	18		99		99
Retained earnings			<u>5,052,825</u>		<u>4,923,061</u>
SHAREHOLDERS' FUNDS			<u>5,052,924</u>		<u>4,923,160</u>

The financial statements were approved by the Board of Directors on 23rd November 2018 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 28th February 2018**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1st March 2016	99	3,834,609	3,834,708
Changes in equity			
Dividends	-	(513,424)	(513,424)
Total comprehensive income	-	1,601,876	1,601,876
Balance at 28th February 2017	<u>99</u>	<u>4,923,061</u>	<u>4,923,160</u>
Changes in equity			
Dividends	-	(552,021)	(552,021)
Total comprehensive income	-	681,785	681,785
Balance at 28th February 2018	<u>99</u>	<u>5,052,825</u>	<u>5,052,924</u>

The notes form part of these financial statements

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

**Cash Flow Statement
for the year ended 28th February 2018**

		2018	2017
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	823,870	2,545,662
Interest element of hire purchase payments paid		(4,039)	(8,610)
Tax paid		(420,713)	(246,761)
Net cash from operating activities		<u>399,118</u>	<u>2,290,291</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(305,565)	(182,128)
Interest received		1,077	766
Dividends received		150,000	-
Net cash from investing activities		<u>(154,488)</u>	<u>(181,362)</u>
Cash flows from financing activities			
Capital repayments in year		(80,085)	(93,706)
Equity dividends paid		(552,021)	(513,424)
Net cash from financing activities		<u>(632,106)</u>	<u>(607,130)</u>
(Decrease)/increase in cash and cash equivalents		<u>(387,476)</u>	<u>1,501,799</u>
Cash and cash equivalents at beginning of year	2	3,576,951	2,075,152
Cash and cash equivalents at end of year	2	<u>3,189,475</u>	<u>3,576,951</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 28th February 2018**

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

	2018	2017
	£	£
Profit before taxation	818,840	2,021,999
Depreciation charges	211,292	193,942
Loss on disposal of fixed assets	2,228	-
Finance costs	4,039	8,610
Finance income	(151,077)	(766)
	885,322	2,223,785
Increase in stocks	(1,467)	(4,412)
Decrease in trade and other debtors	260,676	203,253
(Decrease)/increase in trade and other creditors	(320,661)	123,036
Cash generated from operations	823,870	2,545,662

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 28th February 2018

	28.2.18	1.3.17
	£	£
Cash and cash equivalents	3,189,475	3,576,951

Year ended 28th February 2017

	28.2.17	1.3.16
	£	£
Cash and cash equivalents	3,576,951	2,075,152

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

Notes to the Financial Statements for the year ended 28th February 2018

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 28th February 2018

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 28th February 2018**

2. ACCOUNTING POLICIES - continued

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

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.

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.

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

**Notes to the Financial Statements - continued
for the year ended 28th February 2018**

2. ACCOUNTING POLICIES - continued

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.

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:

	2018	2017
	£	£
United Kingdom	4,162,782	6,120,518
Rest of the World	1,422,259	1,256,675
	<u>5,585,041</u>	<u>7,377,193</u>

4. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Wages and salaries	1,936,175	2,018,749
Social security costs	170,679	203,827
Other pension costs	21,326	4,800
	<u>2,128,180</u>	<u>2,227,376</u>

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

	2018	2017
Production	60	70
Administration	9	11
	<u>69</u>	<u>81</u>

	2018	2017
	£	£
Directors' remuneration	90,682	90,090
Directors' pension contributions to money purchase schemes	<u>8,800</u>	<u>4,800</u>

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

	2018	2017
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 28th February 2018**

5. OPERATING PROFIT

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

	2018	2017
	£	£
Hire of plant and machinery	18,944	19,247
Depreciation - owned assets	169,266	145,365
Depreciation - assets on hire purchase contracts	42,026	48,577
Loss on disposal of fixed assets	2,228	-
Auditors' remuneration	8,950	8,650
Foreign exchange differences	<u>31,814</u>	<u>(53,900)</u>

During the year the amount of stock recognised as an expense totalled £1,340,070 (2017: £1,722,952).

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Hire purchase interest	<u>4,039</u>	<u>8,610</u>

7. TAXATION

Analysis of the tax charge

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

	2018	2017
	£	£
Current tax:		
UK corporation tax	125,104	420,713
Deferred tax	<u>11,951</u>	<u>(590)</u>
Tax on profit	<u>137,055</u>	<u>420,123</u>

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

**Notes to the Financial Statements - continued
for the year ended 28th February 2018**

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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

	2018 £	2017 £
Profit before tax	<u>818,840</u>	<u>2,021,999</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	155,580	404,400
Effects of:		
Expenses not deductible for tax purposes	6,157	7,320
Capital allowances in excess of depreciation	(8,505)	-
Depreciation in excess of capital allowances	-	8,993
Difference due to rate change during year	499	-
Deferred tax	11,951	(590)
Income not taxable	(28,627)	-
Total tax charge	<u>137,055</u>	<u>420,123</u>

8. DIVIDENDS

	2018 £	2017 £
Ordinary shares of £1 each		
Interim	252,021	199,424
Redeemable preference shares of £1 each		
Preference dividend	<u>300,000</u>	<u>314,000</u>
	<u>552,021</u>	<u>513,424</u>

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

**Notes to the Financial Statements - continued
for the year ended 28th February 2018**

9. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1st March 2017	502,068	1,037,322	84,532	178,994	1,802,916
Additions	-	305,565	-	-	305,565
Disposals	-	(4,950)	(1)	-	(4,951)
At 28th February 2018	<u>502,068</u>	<u>1,337,937</u>	<u>84,531</u>	<u>178,994</u>	<u>2,103,530</u>
DEPRECIATION					
At 1st March 2017	174,223	489,028	68,304	120,226	851,781
Charge for year	44,321	128,785	9,474	28,712	211,292
Eliminated on disposal	-	(2,723)	-	-	(2,723)
At 28th February 2018	<u>218,544</u>	<u>615,090</u>	<u>77,778</u>	<u>148,938</u>	<u>1,060,350</u>
NET BOOK VALUE					
At 28th February 2018	<u>283,524</u>	<u>722,847</u>	<u>6,753</u>	<u>30,056</u>	<u>1,043,180</u>
At 28th February 2017	<u>327,845</u>	<u>548,294</u>	<u>16,228</u>	<u>58,768</u>	<u>951,135</u>

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

	Plant and machinery £
COST	
At 1st March 2017	420,269
Transfer to ownership	(200,269)
At 28th February 2018	<u>220,000</u>
DEPRECIATION	
At 1st March 2017	167,968
Charge for year	42,026
Transfer to ownership	(120,161)
At 28th February 2018	<u>89,833</u>
NET BOOK VALUE	
At 28th February 2018	<u>130,167</u>
At 28th February 2017	<u>252,301</u>

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

**Notes to the Financial Statements - continued
for the year ended 28th February 2018**

10. FIXED ASSET INVESTMENTS

	Interest in associate £
COST	
At 1st March 2017	
and 28th February 2018	<u>1,000</u>
NET BOOK VALUE	
At 28th February 2018	<u>1,000</u>
At 28th February 2017	<u>1,000</u>

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

Associated company

GEB Surface Treatments Limited

Registered office: England and Wales

Nature of business: Treatment of metals

	%		
	holding		
Class of shares:			
Ordinary	50.00		
		2018	2017
		£	£
Aggregate capital and reserves		1,798,963	1,231,717
Profit for the year		<u>867,246</u>	<u>555,724</u>

11. STOCKS

	2018	2017
	£	£
Raw materials	<u>25,839</u>	<u>24,372</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade debtors	1,467,684	1,736,242
Other debtors	9,000	9,000
Prepayments and accrued income	<u>47,472</u>	<u>39,590</u>
	<u>1,524,156</u>	<u>1,784,832</u>

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

**Notes to the Financial Statements - continued
for the year ended 28th February 2018**

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Hire purchase contracts (see note 15)	45,497	80,085
Trade creditors	343,108	601,565
Corporation tax	125,104	420,713
Social security and other taxes	41,307	45,965
VAT	42,932	93,474
Other creditors	29,319	36,568
Accruals and deferred income	7,765	7,520
	<u>635,032</u>	<u>1,285,890</u>

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

	2018	2017
	£	£
Hire purchase contracts (see note 15)	<u>-</u>	<u>45,497</u>

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2018	2017
	£	£
Gross obligations repayable:		
Within one year	46,614	84,204
Between one and five years	-	46,614
	<u>46,614</u>	<u>130,818</u>
	Non-cancellable operating leases	
	2018	2017
	£	£
Within one year	140,890	114,850
Between one and five years	363,932	459,399
In more than five years	<u>452,174</u>	<u>585,023</u>
	<u>956,996</u>	<u>1,159,272</u>

During the year lease payments of £133,877 (2017: £118,183) were recognised as an expense.

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

**Notes to the Financial Statements - continued
for the year ended 28th February 2018**

16. SECURED DEBTS

The following secured debts are included within creditors:

	2018 £	2017 £
Hire purchase contracts	<u>45,497</u>	<u>125,582</u>

Hire purchase debts are secured against the assets to which the debts relate.

17. PROVISIONS FOR LIABILITIES

	2018 £	2017 £
Deferred tax	<u>95,694</u>	<u>83,743</u>

	Deferred tax £
Balance at 1st March 2017	83,743
Deferred tax	<u>11,951</u>
Balance at 28th February 2018	<u>95,694</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018 £	2017 £
97	Ordinary	£1	97	97
2	Redeemable preference	£1	<u>2</u>	<u>2</u>
			<u>99</u>	<u>99</u>

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

19. RELATED PARTY DISCLOSURES

During the year, total dividends of £354,561 (2017: £357,174) were paid to the directors.

The company made rental payments to directors during the year totalling £52,346 (2017: £66,250).

During the year General Engineering (Treatments) Limited received dividends from a company it has a participating interest in totalling £150,000 (2017: £Nil).

20. POST BALANCE SHEET EVENTS

In November 2018 the investment held in an associated company was sold for proceeds in excess of carrying cost.

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