

Company Registration No. 03674102 (England and Wales)

GLOBAL METAL FINISHERS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020



GLOBAL METAL FINISHERS LIMITED

COMPANY INFORMATION

Directors	Mr R Dudrah Mr H S Dudrah
Company number	03674102
Registered office	Units 1 & 5 Blakenhall Industrial Estate Moorfield Road Wolverhampton WV2 4PG
Auditor	Azets Audit Services First Floor International House 20 Hatherton Street Walsall West Midlands WS4 2LA

GLOBAL METAL FINISHERS LIMITED

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GLOBAL METAL FINISHERS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2020

The directors present the strategic report for the Year ended 31 May 2020.

Fair review of the business

The directors of Global Metal Finishers Limited aim to provide a balanced overview of the status and condition of the business during the last financial year.

The group's activities continue to remain competitive in the current marketplace, underlining the successful and efficient management of the business. Relationships with customers and key suppliers remain a constant focus and they are key to the group's success.

Maintaining strict controls over operating costs have ensured that we operate successfully in a very competitive marketplace and ensuring we deliver consistent pricing to our clients. Our long-term reputation and standing within the sector remains an important factor in our ethical trading nature. This gives confidence to our clients and supply chain and ensures continued trading momentum.

The group closely manages its financial position by continuous management reviews of the cash flow balances and levels of trading creditors and debtors. This continuous overview ensures the agility of the group is maintained and the successful and continued operation of the group.

The uncertainty in the marketplace due to Brexit and Covid-19 has led to a levelling out of investment during the current financial year. However, management feel that no detrimental effects of the continuing situation is likely to affect the visible workload into 2020-21.

We are aware that risks, uncertainties and unforeseen events outside our control may affect future plans for the development and running of the business. However, we remain confident we have the market profile, experience and capability to positively react to these events.

GLOBAL METAL FINISHERS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties faced by the group are in the following categories:

- **Economic risk**

The risk of inflation having an adverse impact upon the marketplace. The risk of unrealistic increases in material cost and other costs impacting adversely on the competitiveness of the group and its principal customers. The risks are managed by strict control of costs and a team of experienced contract managers.

- **Contract loss risk**

The risk of making a loss on contracts is managed by utilising the skills and knowledge of experienced staff. This applies from the tendering stage through to completion of each contract. The progress of all contracts is reviewed by the director and contract managers on a regular basis so that issues can be identified and dealt with at an early stage.

- **People**

The success of the group is largely dependent upon the retention of its key employees.

- **Legislative Risks**

In order to operate in its chosen market, the company must comply with various UK legislation and laws. Compliance imposes costs and failure to comply with the standards could materially affect the company's ability to operate.

- **Credit Risk**

The company's trade and other debtors are actively monitored to avoid significant concentrations of credit risk as well as careful reviewing of all customers, especially those with lack of an extensive credit history.

- **Brexit**

The UK's decision to leave the EU created uncertainty regarding its overall impact on the UK economy and its impact on the free movement of labour between the EU and the UK.

- **Covid-19**

The global Coronavirus pandemic has created economic uncertainty and the financial impact on UK business remains unknown.

Development and performance

The position of the group at the year-end is disclosed on the balance sheet.

Key performance indicators

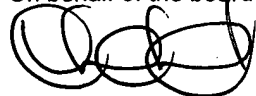
The gross profit margin is usually considered the main key performance indicator used within the group.

Turnover decreased in the year by 14.5% from £7.46m to £6.38m.

Gross profit decreased to 17.8% (2019 - 28.4%) of sales.

The decline in sales is largely attributable to COVID-19. Business operations were drastically reduced from March 2020 up until the year end. This decreased activity had an adverse effect on the gross profit margin as furloughed staff salaries are included within the cost of sales, whilst the government grant received through HMRC's Job Retention Scheme is shown elsewhere within the profit and loss account.

On behalf of the board



Mr R Dudrah

Director

24 May 2021

GLOBAL METAL FINISHERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2020

The directors present their annual report and financial statements for the Year ended 31 May 2020.

Principal activities

The principal activity of the company and group continued to be that of polishing and plating various types of metal.

Directors

The directors who held office during the Year and up to the date of signature of the financial statements were as follows:

Mr R Dudrah

Mr H S Dudrah

Results and dividends

The results for the Year are set out on page 8.

Ordinary dividends were paid amounting to £82,000 (2019: £84,000). The directors do not recommend payment of a further dividend.

Post reporting date events

Business operations have been impacted since March 2020 due to the Coronavirus pandemic. The Directors have taken all necessary steps to protect the company and maintain business operations to a level that allows the business to trade through this difficult period. The Directors are of the opinion that the company can meet its obligations as they fall due for a period of at least 12 months following the approval of these financial statements.

Auditor

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the group will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



Mr R Dudrah

Director

24 May 2021

GLOBAL METAL FINISHERS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MAY 2020

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 group and company, and of the profit or loss of the group 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;
- 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GLOBAL METAL FINISHERS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLOBAL METAL FINISHERS LIMITED

Opinion

We have audited the financial statements of Global Metal Finishers Limited (the 'parent company') and its subsidiaries (the 'group') for the Year ended 31 May 2020 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and 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 FRS 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 group's and the parent company's affairs as at 31 May 2020 and of the group's 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 *Auditor's 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 group's or the parent 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 included in the annual report, other than the financial statements and our auditor's report 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.

GLOBAL METAL FINISHERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF GLOBAL METAL FINISHERS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial Year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 directors' responsibilities statement, 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 is 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters which we are required to address

Comparative information within these financial statements has derived from the companies prior period financial statements. These comparative figures were not audited.

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 auditor's 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.

GLOBAL METAL FINISHERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF GLOBAL METAL FINISHERS LIMITED



Mr Stephen Anthony Harcourt FCCA (Senior Statutory Auditor)
for and on behalf of Azets Audit Services

25 May 2021

Statutory Auditor

First Floor
International House
20 Hatherton Street
Walsall
West Midlands
WS4 2LA

GLOBAL METAL FINISHERS LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 2020

	Notes	Audited ended 31 May 2020 £	Year ended 31 May 2019 £
Turnover	3	6,377,248	7,459,366
Cost of sales		(5,199,019)	(5,342,493)
Gross profit		1,178,229	2,116,873
Administrative expenses		(1,880,629)	(1,858,001)
Other operating income		536,409	127,093
Operating (loss)/profit	4	(165,991)	385,965
Interest receivable and similar income	8	102	6
Interest payable and similar expenses	9	(85,553)	(40,509)
(Loss)/profit before taxation		(251,442)	345,462
Tax on (loss)/profit	10	129,799	11,673
(Loss)/profit for the financial Year		(121,643)	357,135

(Loss)/profit for the financial Year is all attributable to the owner of the parent company.

GLOBAL METAL FINISHERS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME **FOR THE YEAR ENDED 31 MAY 2020**

	Audited ended 31 May 2020 £	Year ended 31 May 2019 £
(Loss)/profit for the Year	(121,643)	357,135
Other comprehensive income	-	-
Total comprehensive income for the Year	(121,643)	357,135

Total comprehensive income for the Year is all attributable to the owners of the parent company.

GLOBAL METAL FINISHERS LIMITED

GROUP BALANCE SHEET

AS AT 31 MAY 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Goodwill	12		905,872		1,020,298
Tangible assets	13		1,555,108		1,562,146
Investment properties	14		710,597		710,597
			<u>3,171,577</u>		<u>3,293,041</u>
Current assets					
Stocks	17	579,507		353,654	
Debtors	18	888,147		1,788,900	
Cash at bank and in hand		211,021		361,947	
		<u>1,678,675</u>		<u>2,504,501</u>	
Creditors: amounts falling due within one year	19	<u>(1,586,037)</u>		<u>(1,965,443)</u>	
Net current assets			92,638		539,058
Total assets less current liabilities			<u>3,264,215</u>		<u>3,832,099</u>
Creditors: amounts falling due after more than one year	20		(1,643,970)		(1,995,663)
Provisions for liabilities	23		(244,156)		(256,704)
Net assets			<u>1,376,089</u>		<u>1,579,732</u>
Capital and reserves					
Called up share capital	25		100		100
Profit and loss reserves			1,375,989		1,579,632
Total equity			<u>1,376,089</u>		<u>1,579,732</u>

The financial statements were approved by the board of directors and authorised for issue on 24 May 2021 and are signed on its behalf by:



Mr R Dudrah
Director

GLOBAL METAL FINISHERS LIMITED

COMPANY BALANCE SHEET

AS AT 31 MAY 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	13	1,214,170		1,343,597	
Investment properties	14	710,597		710,597	
Investments	15	1,664,180		1,664,180	
		<u>3,588,947</u>		<u>3,718,374</u>	
Current assets					
Stocks	17	511,180		282,435	
Debtors	18	803,715		1,437,381	
Cash at bank and in hand		64,807		57,921	
		<u>1,379,702</u>		<u>1,777,737</u>	
Creditors: amounts falling due within one year	19	<u>(1,309,404)</u>		<u>(1,638,817)</u>	
Net current assets			70,298		138,920
Total assets less current liabilities			<u>3,659,245</u>		<u>3,857,294</u>
Creditors: amounts falling due after more than one year	20		(1,548,614)		(1,964,637)
Provisions for liabilities	23		(208,687)		(228,447)
Net assets			<u>1,901,944</u>		<u>1,664,210</u>
Capital and reserves					
Called up share capital	25		100		100
Profit and loss reserves			1,901,844		1,664,110
Total equity			<u>1,901,944</u>		<u>1,664,210</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £319,734 (2019 - £439,921 profit).

The financial statements were approved by the board of directors and authorised for issue on 24 May 2021 and are signed on its behalf by:



Mr R Dudrah
Director

Company Registration No. 03674102

GLOBAL METAL FINISHERS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 June 2018		100	1,306,497	1,306,597
Year ended 31 May 2019:				
Profit and total comprehensive income for the year		-	357,135	357,135
Dividends	11	-	(84,000)	(84,000)
Balance at 31 May 2019		100	1,579,632	1,579,732
Period ended 31 May 2020:				
Loss and total comprehensive income for the period		-	(121,643)	(121,643)
Dividends	11	-	(82,000)	(82,000)
Balance at 31 May 2020		100	1,375,989	1,376,089

GLOBAL METAL FINISHERS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 June 2018		100	1,308,188	1,308,288
Year ended 31 May 2019:				
Profit and total comprehensive income for the year		-	439,922	439,922
Dividends	11	-	(84,000)	(84,000)
Balance at 31 May 2019		100	1,664,110	1,664,210
Period ended 31 May 2020:				
Profit and total comprehensive income for the period		-	319,734	319,734
Dividends	11	-	(82,000)	(82,000)
Balance at 31 May 2020		100	1,901,844	1,901,944

GLOBAL METAL FINISHERS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash absorbed by operations	28		(30,444)		(59,947)
Interest paid			(85,553)		(40,509)
Income taxes refunded/(paid)			121,768		(99,135)
Net cash inflow/(outflow) from operating activities			5,771		(199,591)
Investing activities					
Purchase of tangible fixed assets		(285,271)		(400,118)	
Proceeds on disposal of tangible fixed assets		-		6,000	
Receipts arising from loans made		25,000		(25,000)	
Interest received		102		6	
Net cash used in investing activities			(260,169)		(419,112)
Financing activities					
Repayment of bank loans		126,680		139,014	
Payment of finance leases obligations		58,323		(47,422)	
Dividends paid to equity shareholders		(82,000)		(84,000)	
Net cash generated from financing activities			103,003		7,592
Net decrease in cash and cash equivalents			(151,395)		(611,111)
Cash and cash equivalents at beginning of Year			361,947		262,461
Cash and cash equivalents at end of Year			210,552		361,947
Relating to:					
Cash at bank and in hand			211,021		361,947
Bank overdrafts included in creditors payable within one year			(469)		-

GLOBAL METAL FINISHERS LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash absorbed by operations	29	(109,932)		(635,284)	
Interest paid		(77,104)		(37,603)	
Income taxes refunded/(paid)		28,661		-	
Net cash outflow from operating activities		(158,375)		(672,887)	
Investing activities					
Purchase of tangible fixed assets		(90,172)		(329,187)	
Interest received		102		6	
Dividends received		285,000		290,000	
Net cash generated from/(used in) investing activities		194,930		(39,181)	
Financing activities					
Repayment of bank loans		76,680		139,014	
Payment of finance leases obligations		(24,349)		(53,422)	
Dividends paid to equity shareholders		(82,000)		(84,000)	
Net cash (used in)/generated from financing activities		(29,669)		1,592	
Net increase/(decrease) in cash and cash equivalents		6,886		(710,476)	
Cash and cash equivalents at beginning of Year		57,921		57,800	
Cash and cash equivalents at end of Year		64,807		57,921	

GLOBAL METAL FINISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

Company information

Global Metal Finishers Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Units 1 - 5, Moorfield Road, Wolverhampton, West Midlands, WV2 4PG.

The group consists of Global Metal Finishers Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of Global Metal Finishers Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 May 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

GLOBAL METAL FINISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

(Continued)

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Other operating income

Rental income is recognised at the fair value as and when falls due in reference to lease agreements.

Government grants (Coronavirus job retention scheme grants) are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	20% per annum reducing balance
Fixtures and fittings	15% per annum reducing balance
Computer equipment	33% per annum of cost
Motor vehicles	25% per annum reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

GLOBAL METAL FINISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

(Continued)

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

Investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

GLOBAL METAL FINISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

(Continued)

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

GLOBAL METAL FINISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1. Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

GLOBAL METAL FINISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

(Continued)

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

GLOBAL METAL FINISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

(Continued)

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Impairment

The directors determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance

GLOBAL METAL FINISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful life of tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The carrying amount of fixed assets is included in the notes to the accounts.

Useful life of intangible fixed assets

Intangible assets are amortised over its useful economic life. The actual life of intangible assets is re-assessed on an annual basis considering the economic viability and actual financial performance of the underlying investment.

The useful life of goodwill has been determined as 10 years and it will be written off to the income statement on a straight line basis over this period.

An impairment review is undertaken when there is an indication of impairment in line with relevant accounting standards.

3 Turnover and other revenue

	2020 £	2019 £
Turnover analysed by class of business		
Sales	6,377,248	7,459,366
	<u>6,377,248</u>	<u>7,459,366</u>
	2020 £	2019 £
Other significant revenue		
Interest income	102	6
Grants received	436,409	-
Rental income arising from investment properties	100,000	100,000
	<u>546,511</u>	<u>106,012</u>
	2020 £	2019 £
Turnover analysed by geographical market		
UK	6,377,248	7,459,366
	<u>6,377,248</u>	<u>7,459,366</u>

GLOBAL METAL FINISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2020

4 Operating (loss)/profit

	2020 £	2019 £
Operating (loss)/profit for the period is stated after charging/(crediting):		
Government grants	(436,409)	-
Depreciation of owned tangible fixed assets	274,299	238,318
Depreciation of tangible fixed assets held under finance leases	18,010	36,518
Profit on disposal of tangible fixed assets	-	(702)
Amortisation of intangible assets	114,426	114,426
Operating lease charges	11,472	19,054
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	17,500	-
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the Year was:

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
	144	125	105	86
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	3,435,849	3,218,806	2,465,343	2,281,848
Pension costs	177,710	130,246	161,336	118,733
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	3,613,559	3,349,052	2,626,679	2,400,581
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

GLOBAL METAL FINISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2020

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	52,520	52,520
Company pension contributions to defined contribution schemes	24,000	24,000
	<u>76,520</u>	<u>76,520</u>

8 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	102	6
	<u>102</u>	<u>6</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	102	6
	<u>102</u>	<u>6</u>

9 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	38,107	5,953
Other interest on financial liabilities	32,434	26,644
	<u>70,541</u>	<u>32,597</u>
Other finance costs:		
Interest on finance leases and hire purchase contracts	15,012	7,912
	<u>15,012</u>	<u>7,912</u>
Total finance costs	<u>85,553</u>	<u>40,509</u>

10 Taxation

	2020 £	2019 £
Current tax		
Adjustments in respect of prior periods	(114,175)	(150,773)
	<u>(114,175)</u>	<u>(150,773)</u>
Deferred tax		
Origination and reversal of timing differences	(15,624)	139,100
	<u>(15,624)</u>	<u>139,100</u>
Total tax credit	<u>(129,799)</u>	<u>(11,673)</u>

GLOBAL METAL FINISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2020

10 Taxation

(Continued)

The actual credit for the Year can be reconciled to the expected (credit)/charge for the Year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
(Loss)/profit before taxation	(251,442)	345,462
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(47,774)	65,638
Tax effect of expenses that are not deductible in determining taxable profit	-	811
Unutilised tax losses carried forward	38,020	807
Adjustments in respect of prior years	(20,314)	83,624
Amortisation on assets not qualifying for tax allowances	21,741	21,741
Research and development tax credit	(121,472)	(184,294)
Taxation credit	(129,799)	(11,673)

11 Dividends

	2020 £	2019 £
Interim paid	82,000	84,000

12 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 June 2019 and 31 May 2020	1,144,259
Amortisation and impairment	
At 1 June 2019	123,961
Amortisation charged for the Year	114,426
At 31 May 2020	238,387
Carrying amount	
At 31 May 2020	905,872
At 31 May 2019	1,020,298

The company had no intangible fixed assets at 31 May 2020 or 31 May 2019.

GLOBAL METAL FINISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2020

13 Tangible fixed assets

Group	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 June 2019	3,858,466	149,110	28,178	415,104	4,450,858
Additions	131,618	127,562	2,401	23,690	285,271
At 31 May 2020	3,990,084	276,672	30,579	438,794	4,736,129
Depreciation and impairment					
At 1 June 2019	2,491,935	102,505	28,178	266,094	2,888,712
Depreciation charged in the Year	233,834	17,408	594	40,473	292,309
At 31 May 2020	2,725,769	119,913	28,772	306,567	3,181,021
Carrying amount					
At 31 May 2020	1,264,315	156,759	1,807	132,227	1,555,108
At 31 May 2019	1,366,531	46,605	-	149,010	1,562,146
Company					
	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 June 2019	3,036,629	18,984	28,178	337,144	3,420,935
Additions	50,817	27,864	2,401	9,090	90,172
At 31 May 2020	3,087,446	46,848	30,579	346,234	3,511,107
Depreciation and impairment					
At 1 June 2019	1,794,945	15,309	28,178	238,906	2,077,338
Depreciation charged in the Year	189,486	3,617	594	25,902	219,599
At 31 May 2020	1,984,431	18,926	28,772	264,808	2,296,937
Carrying amount					
At 31 May 2020	1,103,015	27,922	1,807	81,426	1,214,170
At 31 May 2019	1,241,684	3,675	-	98,238	1,343,597

GLOBAL METAL FINISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

13 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2020 £	2019 £	Company 2020 £	2019 £
Plant and machinery	62,276	161,568	30,776	161,568
Fixtures and fittings	99,698	-	-	-
Motor vehicles	40,848	42,389	-	-
	<u>202,822</u>	<u>203,957</u>	<u>30,776</u>	<u>161,568</u>

14 Investment property

	Group 2020 £	Company 2020 £
Fair value		
At 1 June 2019 and 31 May 2020	<u>710,597</u>	<u>710,597</u>

Investment property comprises freehold property that are lease out to 3rd parties which have been reclassified from tangible fixed assets.

The fair value of the investment property has been arrived at on the basis of a valuation by the Directors who feel that value is not significantly different to the purchase price. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

15 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	16	<u>-</u>	<u>-</u>	<u>1,664,180</u>	<u>1,664,180</u>

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 June 2019 and 31 May 2020	<u>1,664,180</u>
Carrying amount	
At 31 May 2020	<u>1,664,180</u>
At 31 May 2019	<u>1,664,180</u>

GLOBAL METAL FINISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2020

16 Subsidiaries

Details of the company's subsidiaries at 31 May 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Lepsons Holdings Limited	England and Wales	Ordinary	100.00
Lepsons Limited	England and Wales	Ordinary	100.00
R J Refurbishment Limited	England and Wales	Ordinary	100.00

The following subsidiary company is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of S479A:

R J Refurbishments Limited - Company Registered Number - 06881195

17 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	579,507	353,654	511,180	282,435

18 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	606,602	1,541,607	626,133	1,360,318
Corporation tax recoverable	114,266	121,859	80,567	28,661
Other debtors	63,733	25,061	56,924	-
Prepayments and accrued income	100,470	100,373	40,091	48,402
	885,071	1,788,900	803,715	1,437,381

Amounts falling due after more than one year:

Deferred tax asset (note 23)	3,076	-	-	-
Total debtors	888,147	1,788,900	803,715	1,437,381

GLOBAL METAL FINISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

19 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	21	574,927	733,987	574,458	733,987
Obligations under finance leases	22	84,941	45,132	4,125	32,658
Trade creditors		446,463	875,659	332,211	665,393
Other taxation and social security		259,712	231,247	180,424	145,496
Other creditors		83,392	1,948	102,500	-
Accruals and deferred income		136,602	77,470	115,686	61,283
		<u>1,586,037</u>	<u>1,965,443</u>	<u>1,309,404</u>	<u>1,638,817</u>

20 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	21	626,830	340,621	576,830	340,621
Obligations under finance leases	22	59,450	40,936	14,094	9,910
Other taxation and social security		108,179	-	108,179	-
Other creditors		849,511	1,614,106	849,511	1,614,106
		<u>1,643,970</u>	<u>1,995,663</u>	<u>1,548,614</u>	<u>1,964,637</u>

21 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	1,201,288	1,074,608	1,151,288	1,074,608
Bank overdrafts	469	-	-	-
	<u>1,201,757</u>	<u>1,074,608</u>	<u>1,151,288</u>	<u>1,074,608</u>
Payable within one year	574,927	733,987	574,458	733,987
Payable after one year	626,830	340,621	576,830	340,621

The long-term loans are secured by way of a fixed and floating charge over all assets owned by the company, present and future.

GLOBAL METAL FINISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

22 Finance lease obligations

	Group 2020 £	2019 £	Company 2020 £	2019 £
Future minimum lease payments due under finance leases:				
Within one year	84,941	45,132	4,125	32,658
In two to five years	59,450	40,936	14,094	9,910
	<u>144,391</u>	<u>86,068</u>	<u>18,219</u>	<u>42,568</u>

Finance lease obligations represent the amounts due under hire purchase agreements. The amounts owed are secured against the assets in which the loan relates.

23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Accelerated capital allowances	244,156	256,704	(23,864)	-
Tax losses	-	-	26,940	-
	<u>244,156</u>	<u>256,704</u>	<u>3,076</u>	<u>-</u>
Company	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Accelerated capital allowances	<u>208,687</u>	<u>228,447</u>	<u>-</u>	<u>-</u>
Movements in the Year:			Group 2020 £	Company 2020 £
Liability at 1 June 2019			256,704	228,447
Credit to profit or loss			(15,624)	(19,760)
Liability at 31 May 2020			<u>241,080</u>	<u>208,687</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period. The deferred tax liability relates to accelerated capital allowances that are expected to mature in the future financial years. £46,312 of the above is expected to reverse within 12 months.

GLOBAL METAL FINISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2020

24 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	177,710	130,246

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Share capital

	Group and company	
	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100

26 Events after the reporting date

Business operations have been impacted since March 2020 due to the Coronavirus pandemic. The Directors have taken all necessary steps to protect the company and maintain business operations to a level that allows the business to trade through this difficult period. The Directors are of the opinion that the company can meet its obligations as they fall due for a period of at least 12 months following the approval of these financial statements.

27 Controlling party

The ultimate controlling party is Mr R Dudrah due to his 100% shareholding.

28 Cash absorbed by group operations

	2020	2019
	£	£
(Loss)/profit for the Year after tax	(121,643)	357,135
Adjustments for:		
Taxation credited	(129,799)	(11,673)
Finance costs	85,553	40,509
Investment income	(102)	(6)
Gain on disposal of tangible fixed assets	-	(702)
Amortisation and impairment of intangible assets	114,426	114,426
Depreciation and impairment of tangible fixed assets	292,309	274,836
Movements in working capital:		
Increase in stocks	(225,853)	(876,374)
Decrease/(increase) in debtors	871,236	(292,428)
(Decrease)/increase in creditors	(916,571)	334,330
Cash absorbed by operations	(30,444)	(59,947)

GLOBAL METAL FINISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

29 Cash absorbed by operations - company

	2020 £	2019 £
Profit for the Year after tax	319,734	439,922
Adjustments for:		
Taxation (credited)/charged	(100,327)	78,488
Finance costs	77,104	37,603
Investment income	(285,102)	(290,006)
Depreciation and impairment of tangible fixed assets	219,599	214,595
Movements in working capital:		
Increase in stocks	(228,745)	(850,299)
Decrease/(increase) in debtors	685,572	(157,202)
Decrease in creditors	(797,767)	(108,385)
Cash absorbed by operations	(109,932)	(635,284)

30 Analysis of changes in net debt - group

	1 June 2019 £	Cash flows £	31 May 2020 £
Cash at bank and in hand	361,947	(150,926)	211,021
Bank overdrafts	-	(469)	(469)
	361,947	(151,395)	210,552
Borrowings excluding overdrafts	(1,074,608)	(126,680)	(1,201,288)
Obligations under finance leases	(86,068)	(58,323)	(144,391)
	(798,729)	(336,398)	(1,135,127)

31 Analysis of changes in net debt - company

	1 June 2019 £	Cash flows £	31 May 2020 £
Cash at bank and in hand	57,921	6,886	64,807
Borrowings excluding overdrafts	(1,074,608)	(76,680)	(1,151,288)
Obligations under finance leases	(42,568)	24,349	(18,219)
	(1,059,255)	(45,445)	(1,104,700)