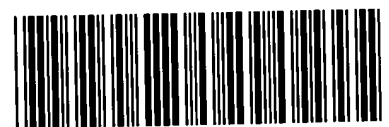


Company Registration No. 00972614 (England and Wales)

DOUGHTY ENGINEERING LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JANUARY 2021

FRIDAY



AAG3UY2B

A16

29/10/2021

#87

COMPANIES HOUSE

DOUGHTY ENGINEERING LIMITED

COMPANY INFORMATION

Directors	J Chiverton M B T Lister S C Wright
Secretary	M B T Lister
Company number	00972614
Registered office	Crow Arch Lane Ringwood Hampshire BH24 1NZ
Auditor	RSM UK Audit LLP Chartered Accountants Highfield Court Tollgate Chandlers Ford Eastleigh Hampshire SO53 3TY
Business address	Crow Arch Lane Ringwood Hampshire BH24 1NZ
Bankers	Natwest Bank Plc 12 High Street Southampton Hampshire SO14 2NX

DOUGHTY ENGINEERING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2021

The directors present the strategic report for the year ended 31 January 2021.

Fair Review of the Business and Key Performance Indicators

The company continues to manufacture products for the entertainment industry in the UK and Internationally covering areas of Film, Television and Live events. Performance throughout the period of these accounts was within the reduced expectation of the directors. Although turnover dropped by 55.5% the directors were satisfied with the results considering the significant impact of the Covid-19 pandemic on the business and the sectors it operates within.

	2021	2020
Turnover % increase/(decrease)	(55.5%)	(2.86%)
Gross profit as % turnover	22.70%	42.17%

Business environment

During the year full effects of the Covid-19 pandemic have been felt in the UK and World economy, this has had a particularly severe effect on entertainment businesses. Live events are being heavily affected and this has impacted 2020/2021 sales significantly. Installation and projects in Film and Television have remained to a satisfactory level. The outlook for Live events is still uncertain and we hope will return to pre-pandemic levels in 2022.

Given the deterioration in the business environment during 2020-21 the directors had taken action to protect the position of the company, this unfortunately meant that 26 redundancies had been made within the workforce. This action stabilised the performance of the company during late 2020 and ensured continued profitability as well as providing the base on which to rebuild performance as and when restrictions on the entertainment industry were lifted. Business levels in 2021 have made an improvement enabling us to re-employ 9 members of staff and remove others from furlough.

Strategy

The company will continue to manufacture products in the entertainment industry however due to the current climate will be focusing its energy on the television and film side of its business. We shall continue to invest in improving our machinery and production methods to enable us to be competitive in our market. We shall continue to develop products for Live events as we are confident of a strong return once consumer confidence increases and a full programme of these events can again take place in 2022.

Financial risk management objectives and policies

The company is exposed to a moderate level of price risk, credit risk, liquidity risk and cash flow risk. The company manages these risks by financing its operations through retained profits.

The management objectives are to retain sufficient liquid funds to enable the company to meet its day-to-day requirements without recourse to debt funding. The key risk faced by the business is credit risk from customers, the company implements its credit control policy to manage customer terms and actively pursue payment which limits the exposure to potential bad debts. This mitigates the inter related risks of credit, cashflow and liquidity risk.

Although the company is exposed to price risk, this is mitigated by a continued focus on efficiency to offer the best price to our customers coupled with providing high levels of customer service and workmanship.

The company had utilised the Coronavirus business interruption loan scheme (CBILS) to further protect the liquidity position of the company, with the stabilisation of trading the additional liquidity was not required and subsequent to the year end has been repaid in full prior to the company incurring charges directly. The only other external finance utilised by the company is minimal asset finance provided at a fixed rate, this also has subsequently been fully repaid. The company does not therefore have any interest risk exposure.

DOUGHTY ENGINEERING LIMITED

STRATEGIC REPORT (CONTINUED)

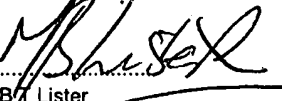
FOR THE YEAR ENDED 31 JANUARY 2021

Following the announcement of the trade agreement between the United Kingdom and EU the directors do not believe that Brexit continues to present a key risk to the company. On leaving the EU trade was initially affected mainly due to logistic issues, these have now settled and business continues normally and our customer base is unaffected.

Future developments

Although we had a satisfactory year for these financial statements the outlook going forward is still uncertain due to the Covid-19 pandemic. Trading throughout 2020-21 has been suppressed though through the actions taken by the directors as mentioned earlier in this report the company has remained profitable, although at a sizeable reduction on prior years. Business in 2021 has started to improve however we do not see levels returning to pre-pandemic levels until summer 2022, when we hope live events will return in full without restrictions.

On behalf of the board


.....
M B Lister
Director

Date: 27/10/21

DOUGHTY ENGINEERING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2021

The directors present their annual report and financial statements for the year ended 31 January 2021.

Principal activities

The principal activity of the company during the year was that of design, manufacture and supply of rigging, suspension and lifting equipment for the film, TV and theatre industry.

Results and dividends

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

Ordinary dividends were paid amounting to £240,000 (2020 - £768,000). The Directors do not recommend the payment of a final dividend.

Directors

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

J Chiverton
M B T Lister
S C Wright

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

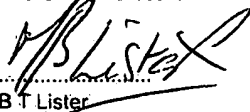
Auditor

RSM UK Audit LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed 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 company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



M B T Lister
Director

Date: 27/10/21

DOUGHTY ENGINEERING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 JANUARY 2021

The directors are responsible for preparing the Strategic Report and the Directors' 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 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOUGHTY ENGINEERING LIMITED

Opinion

We have audited the financial statements of Doughty Engineering Limited (the 'company') for the year ended 31 January 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 company's affairs as at 31 January 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOUGHTY ENGINEERING LIMITED (CONTINUED)

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 directors' report.

We have nothing to report in respect of the following matters in relation to which 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 directors' responsibilities statement set out on page 4, 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 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.

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOUGHTY ENGINEERING LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, tax compliance regulations and the Government Coronavirus Job Retention Scheme. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, evaluating advice received from internal/external tax advisors, and reviewing management's process for administering and calculating CJRS claims.

There were no significant laws and regulations that have an indirect impact on the financial statements.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied in the preparation of the financial statements, and testing sales immediately around the year end to ensure the sale and stock movement had been recognised in the same accounting period.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

RSM UK Audit LLP

Frances Millar (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire, SO53 3TY
28 October 2021

DOUGHTY ENGINEERING LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JANUARY 2021

	Notes	2021 £	2020 £
Turnover	2	3,157,431	7,103,917
Cost of sales		(2,440,608)	(4,250,895)
Gross profit		716,823	2,853,022
Administrative expenses		(1,313,776)	(1,704,362)
Other operating income		534,033	86,308
Operating (loss)/profit	5	(62,920)	1,234,968
Interest payable and similar expenses	6	(23,621)	(17,048)
(Loss)/profit before taxation		(86,541)	1,217,920
Taxation	7	(19,379)	(191,024)
(Loss)/profit for the financial year		(105,920)	1,026,896

DOUGHTY ENGINEERING LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	9	1,696,356		1,879,142	
Investments	10	3,200		3,200	
		<u>1,699,556</u>		<u>1,882,342</u>	
Current assets					
Stocks	12	1,264,438		1,717,896	
Debtors	13	882,416		1,253,218	
Cash at bank and in hand		950,757		387,247	
		<u>3,097,611</u>		<u>3,358,361</u>	
Creditors: amounts falling due within one year	14	(937,975)		(1,431,260)	
Net current assets		<u>2,159,636</u>		<u>1,927,101</u>	
Total assets less current liabilities		<u>3,859,192</u>		<u>3,809,443</u>	
Creditors: amounts falling due after more than one year	15	(416,667)		-	
Provisions for liabilities	17	(78,024)		(99,022)	
Net assets		<u>3,364,501</u>		<u>3,710,421</u>	
Capital and reserves					
Called up share capital	20	80		80	
Capital redemption reserve	21	20		20	
Other reserves	21	80,344		83,713	
Profit and loss reserves	21	3,284,057		3,626,608	
Total equity		<u>3,364,501</u>		<u>3,710,421</u>	

The financial statements were approved by the board of directors and authorised for issue on 27 October 2021 and are signed on its behalf by:


 M B T Lister
 Director

DOUGHTY ENGINEERING LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JANUARY 2021

	Notes	Share capital £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 February 2019		80	20	85,419	3,366,006	3,451,525
Year ended 31 January 2020:						
Profit and total comprehensive income for the year		-	-	-	1,026,896	1,026,896
Dividends	8	-	-	-	(768,000)	(768,000)
Transfers		-	-	(1,706)	1,706	-
Balance at 31 January 2020		80	20	83,713	3,626,608	3,710,421
Year ended 31 January 2021:						
Loss and total comprehensive income for the year		-	-	-	(105,920)	(105,920)
Dividends	8	-	-	-	(240,000)	(240,000)
Transfers		-	-	(3,369)	3,369	-
Balance at 31 January 2021		80	20	80,344	3,284,057	3,364,501

DOUGHTY ENGINEERING LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	22	618,178		1,347,877	
Interest paid		(13,205)		(5,537)	
Income taxes paid		(272,359)		(267,142)	
Net cash inflow from operating activities		<u>332,614</u>		<u>1,075,198</u>	
Investing activities					
Purchase of tangible fixed assets		(2,200)		(212,619)	
Proceeds on disposal of tangible fixed assets		-		6,576	
Net cash used in investing activities		<u>(2,200)</u>		<u>(206,043)</u>	
Financing activities					
Proceeds of bank loan		500,000		-	
Payment of finance leases obligations		(26,904)		(42,494)	
Dividends paid		(240,000)		(768,000)	
Net cash generated from/(used in) financing activities		<u>233,096</u>		<u>(810,494)</u>	
Net increase in cash and cash equivalents		<u>563,510</u>		<u>58,661</u>	
Cash and cash equivalents at beginning of year		387,247		328,586	
Cash and cash equivalents at end of year		<u><u>950,757</u></u>		<u><u>387,247</u></u>	

DOUGHTY ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies

Company information

Doughty Engineering Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Crow Arch Lane, Ringwood, Hampshire, BH24 1NZ.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

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 £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Going concern

At the time of approving the financial statements and in consideration of the continuing impact of COVID-19, the directors have reviewed performance to date through the pandemic and the forecasts for the 12 months following the date of this report.

Based on this, the directors have a reasonable expectation that the Company will remain sufficiently profitable and maintain cash reserves to enable the generation of adequate liquid resources to continue meet its liabilities as they fall due for a period of at least twelve months. Therefore the financial statements have been prepared on the going concern basis.

Turnover

The turnover shown in the profit and loss account represents the value of all goods sold during the year, less returns received, at selling price exclusive of Value Added Tax, for the supply of theatrical lighting equipment. Turnover is recognised at the point that the goods are delivered to the customer.

Rental income

Rental income on assets leased under operating leases is recognised on a straight-line basis over the lease term and is presented within other operating income.

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Tangible fixed assets

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

Depreciation is recognised so as to write off the cost of the asset less their residual value over their useful lives on the following bases:

Freehold land and buildings	50 years straight line
Plant and machinery	5-10 years straight line
Fixtures, fittings and equipment	3,4,5 and 7 years straight line
Motor vehicles	5 years straight line

DOUGHTY ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies (Continued)

Fixed asset investments

Interests in associates are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Transaction costs are expensed to profit or loss as incurred. Changes in fair value are recognised in other comprehensive income except to the extent that a gain reverses a loss previously recognised in profit or loss, or a loss exceeds the accumulated gains recognised in equity; such gains and loss are recognised in profit or loss.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible 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).

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.

Work in progress is valued on the basis of direct material and labour costs based on a normal level of activity. Foreseeable losses are provided for in full at the point at which the loss is anticipated.

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.

Financial Instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 trade and other 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including trade investments, 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.

DOUGHTY ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

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 company 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.

Basic financial liabilities

Basic financial liabilities, including trade and other payables 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.

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, 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, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of 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 company.

DOUGHTY ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Employee benefits

The costs of 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 non-current assets.

The cost of any material 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.

Retirement benefits

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

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 statement of financial position 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.

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 leases asset are consumed.

DOUGHTY ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies (Continued)

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.

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 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021 £	2020 £
Turnover analysed by class of business		
Sale of theatrical lighting equipment	3,085,135	7,009,424
General engineering	72,296	94,493
	<u>3,157,431</u>	<u>7,103,917</u>
	2021 £	2020 £
Other revenue		
Grants received	478,051	-
	<u>478,051</u>	<u>-</u>

During the year the company made use of the Coronavirus job retention scheme and claimed £465,926 (2020 - £nil). The company also claimed a business rates grant of £3,000 (2020 - £nil). In addition the company claimed a government grant of £9,125 (2020 - £nil) to cover the interest costs on a Coronavirus Business Interruption Loan.

	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	1,438,477	3,233,157
Rest of Europe	1,528,988	2,915,531
Rest of the world	189,966	955,229
	<u>3,157,431</u>	<u>7,103,917</u>

DOUGHTY ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

3 Employees

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

	2021 Number	2020 Number
Production staff	34	47
Administrative staff	13	14
Distribution staff	3	4
Management	1	1
Directors	3	3
Non production	2	2
Total	56	71

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,257,635	1,772,483
Social security costs	109,160	156,095
Pension costs	66,511	110,797
Redundancy costs	72,974	-
	1,506,280	2,039,375

4 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	55,084	78,824
Company pension contributions to defined contribution schemes	31,512	62,287
	86,596	141,111

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020 - 3).

DOUGHTY ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

5	Operating (loss)/profit	2021	2020
		£	£
	Operating (loss)/profit for the year is stated after charging/(crediting):		
	Research and development costs	365	1,202
	Government grants	(478,051)	-
	Fees payable to the company's auditor for the audit of the company's financial statements	22,950	19,000
	Depreciation of owned tangible fixed assets	173,696	163,367
	Depreciation of tangible fixed assets held under finance leases	11,290	24,660
	(Profit)/loss on disposal of tangible fixed assets	-	1,737
	Operating lease charges	5,684	10,648
		<u> </u>	<u> </u>
	All government grants received are included in other operating income.		
6	Interest payable and similar expenses	2021	2020
		£	£
	Interest on bank overdrafts and loans	9,125	-
	Other finance costs:		
	Interest on finance leases and hire purchase contracts	4,080	5,537
	Other interest	10,416	11,511
		<u> </u>	<u> </u>
		23,621	17,048
		<u> </u>	<u> </u>
7	Taxation	2021	2020
		£	£
	Current tax		
	UK corporation tax on profits for the current period	40,377	218,274
	Adjustments in respect of prior periods	-	(18,986)
	Total current tax	<u>40,377</u>	<u>199,288</u>
	Deferred tax		
	Origination and reversal of timing differences	(32,648)	(8,266)
	Changes in tax rates	11,650	-
	Adjustment in respect of prior periods	-	2
	Total deferred tax	<u>(20,998)</u>	<u>(8,264)</u>
	Total tax charge	<u>19,379</u>	<u>191,024</u>

DOUGHTY ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

8 Dividends

	2021 £	2020 £
Interim paid	240,000	768,000

9 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 February 2020	1,677,033	2,590,837	598,595	112,339	4,978,804
Additions	-	2,200	-	-	2,200
At 31 January 2021	1,677,033	2,593,037	598,595	112,339	4,981,004
Depreciation and impairment					
At 1 February 2020	454,441	2,090,066	496,972	58,183	3,099,662
Depreciation charged in the year	28,851	104,745	35,506	15,884	184,986
At 31 January 2021	483,292	2,194,811	532,478	74,067	3,284,648
Carrying amount					
At 31 January 2021	1,193,741	398,226	66,117	38,272	1,696,356
At 31 January 2020	1,222,592	500,771	101,623	54,156	1,879,142

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

	2021 £	2020 £
Plant and machinery	-	134,690
Depreciation charge for the year in respect of leased assets	11,290	24,660

The freehold and leasehold land and buildings were valued on an open market basis by a firm of independent Chartered Surveyors in 2004. On transition to FRS102 this valuation was adopted as deemed cost.

DOUGHTY ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

9 Tangible fixed assets (Continued)

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2021 £	2020 £
Cost	1,443,799	1,443,799
Accumulated depreciation	(421,945)	(397,315)
Carrying value	<u>1,021,854</u>	<u>1,046,484</u>

10 Fixed asset investments

	2021 £	2020 £
Other investments	<u>3,200</u>	<u>3,200</u>

Movements in fixed asset investments

	Other investments £
Cost or valuation	
At 1 February 2020 & 31 January 2021	<u>3,200</u>
Carrying amount	
At 31 January 2021	<u>3,200</u>
At 31 January 2020	<u>3,200</u>

DOUGHTY ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

11 Significant undertakings

The company also has significant holdings in undertakings which are not subsidiaries of the company and are not classified as joint ventures or associated undertakings:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Doughty Engineering USA, Inc.	401 So. Mount Juliet Road, Mount Juliet, TN. 37122	Design and manufacture of theatrical lighting equipment	Ordinary	50 -

The net liabilities of the significant undertaking were \$50,960 (2020 - \$1,032) and the loss for the year was \$49,928 (2020 - \$15,992).

12 Stocks

	2021 £	2020 £
Work in progress	55,990	57,301
Finished goods and goods for resale	1,208,448	1,660,595
	<u>1,264,438</u>	<u>1,717,896</u>

The total value of stock written off in the year is £187,944 (2020 - £154,178).

13 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	526,858	808,993
Amounts owed by undertakings in which the company has a participating interest	272,617	388,155
Other debtors	43,091	18,745
Prepayments and accrued income	39,850	37,325
	<u>882,416</u>	<u>1,253,218</u>

During the year bad and doubtful debts were written back to the profit and loss account of £117,714 (2020 - expense of £2,904).

DOUGHTY ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

14 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans		83,333	-
Obligations under finance leases	16	-	26,904
Trade creditors		204,260	462,097
Corporation tax		371,149	603,131
Other taxation and social security		34,079	40,457
Other creditors		162,966	184,687
Accruals and deferred income		82,188	113,984
		<u>937,975</u>	<u>1,431,260</u>

Finance lease liabilities of £nil (2020 - £26,904) are secured on the assets to which they relate.

15 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans and overdrafts		<u>416,667</u>	<u>-</u>

16 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Less than one year	-	30,278
Less: future finance charges	-	(3,374)
	<u>-</u>	<u>26,904</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

17 Provisions for liabilities

	Notes	2021 £	2020 £
Deferred tax liabilities	18	<u>78,024</u>	<u>99,022</u>

DOUGHTY ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Fixed asset timing differences	76,443	95,733
Short term timing differences	(17,265)	(13,856)
Valuation of land and buildings	18,846	17,145
	<u>78,024</u>	<u>99,022</u>
Movements in the year:		2021 £
Liability at 1 February 2020		99,022
Credit to profit or loss		(20,998)
Liability at 31 January 2021		<u>78,024</u>

19 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>66,511</u>	<u>110,797</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the year end pension contributions of £5,576 (2020 - £7,462) were outstanding and are included within other creditors.

20 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary of £1 each	<u>80</u>	<u>80</u>	<u>80</u>	<u>80</u>

DOUGHTY ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

21 Reserves

Other reserve

The other reserve relates to a fair value reserve which is made up of accumulated fair value increases to fixed assets, shown net of deferred taxation.

Capital redemption reserve

Capital redemption reserve includes non-distributable reserves which have arisen due to the company purchasing its own shares.

Profit and loss reserve

Profit and loss reserve shows accumulated profits net of distributions to owners.

22 Cash generated from operations

	2021 £	2020 £
(Loss)/profit for the year after tax	(105,920)	1,026,896
Adjustments for:		
Taxation charged	19,379	191,024
Finance costs	23,621	17,048
(Gain)/loss on disposal of tangible fixed assets	-	1,737
Depreciation and impairment of tangible fixed assets	184,986	188,027
Movements in working capital:		
Decrease in stocks	453,458	10,489
Decrease in debtors	370,802	121,947
Decrease in creditors	(328,148)	(209,291)
Cash generated from operations	618,178	1,347,877

23 Analysis of changes in net funds

	1 February 2020 £	Cash flows £	31 January 2021 £
Cash at bank and in hand	387,247	563,510	950,757
Borrowings excluding overdrafts	-	(500,000)	(500,000)
Obligations under finance leases	(26,904)	26,904	-
	360,343	90,414	450,757

DOUGHTY ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

24 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	3,684	5,524
Between one and five years	7,357	11,363
	<u>11,041</u>	<u>16,887</u>

25 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales	
	2021 £	2020 £
Other related parties	<u>71,672</u>	<u>324,410</u>

	Debts written off	
	2021 £	2020 £
Other related parties	<u>100,000</u>	<u>-</u>

Other related parties refers to an overseas corporation in which Doughty Engineering Limited has 50% shareholding.

The following amounts were outstanding at the reporting end date:

	2021 £	2020 £
Amounts due from related parties		
Other related parties	<u>272,617</u>	<u>388,155</u>

DOUGHTY ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

26 Directors' transactions

Dividends totalling £207,000 (2020 - £662,400) in respect of shares held by the company's directors and their immediate family members.

At the year end £23,849 (2020 - £93,349) was owed by the company to the Directors.

At the year end £36,737 (2020 - £3,819) was owed to the company by the Directors.