

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 October 2021
for
Trueline Expanded Products Ltd.**

Pinfields Limited
Chartered Accountants
Meryll House
57 Worcester Road
Bromsgrove
Worcestershire
B61 7DN

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for the year ended 31 October 2021**

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Trueline Expanded Products Ltd.

**Company Information
for the year ended 31 October 2021**

DIRECTORS: S Mares
Mrs A M Mares
L G W Wellings

SECRETARY: Mrs A M Mares

REGISTERED OFFICE: Parker Place
Firs Industrial Estate
Kidderminster
Worcestershire
DY11 7QN

REGISTERED NUMBER: 02907163 (England and Wales)

AUDITORS: Pinfields Limited
Chartered Accountants
Meryll House
57 Worcester Road
Bromsgrove
Worcestershire
B61 7DN

**Strategic Report
for the year ended 31 October 2021**

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

REVIEW OF BUSINESS

During the year to 31 October 2021, the company's turnover increased from 2020 by approx 47.6% to give turnover of £8,421,288. The gross margin has reduced only marginally from 36.71% to 34.70% for the year ended 31 October 2021. Administration overheads have increased but this is compensated for by the other operating income due to the government grants received.

With this net profit it leaves the company in a strong position on which to trade for the next year.

The key performance indicators are turnover, margin and ultimate profitability and the analysis of these was given above.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk and uncertainties for the business is the general state of the UK economy. Especially with regard to the buoyancy of the building industry. The business is also concerned with the cost of its raw material purchases. The rising energy prices also present a risk to the business.

ON BEHALF OF THE BOARD:

L G W Wellings - Director

27 July 2022

**Report of the Directors
for the year ended 31 October 2021**

The directors present their report with the financial statements of the company for the year ended 31 October 2021.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of manufacturing of metal angle beads for the building industry.

DIVIDENDS

An interim dividend of £46.45 per share was paid on 6 April 2021. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 October 2021 will be £ 564,500 .

RESEARCH AND DEVELOPMENT

The company is in the process of quantifying the R&D claim, but the accounts do not include an adjustment for this.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 November 2020 to the date of this report.

S Mares
Mrs A M Mares
L G W Wellings

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Report of the Directors
for the year ended 31 October 2021**

AUDITORS

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

ON BEHALF OF THE BOARD:

L G W Wellings - Director

27 July 2022

Report of the Independent Auditors to the Members of Trueline Expanded Products Ltd.

Opinion

We have audited the financial statements of Trueline Expanded Products Ltd. (the 'company') for the year ended 31 October 2021 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Report of the Independent Auditors to the Members of Trueline Expanded Products Ltd.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Report of the Independent Auditors to the Members of Trueline Expanded Products Ltd.

Auditors' responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that have a direct effect on the financial statements;
- Enquiry of management around actual and potential litigation claims;
- Enquiry of management to identify instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness;
- Reviewing accounting estimates for evidence of management bias;
- Reviewing minutes of meetings of those charged with governance and management, where available; and
- Reviewing the bank for evidence of large and other unusual payments.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

P J Tivey FCA FCCA (Senior Statutory Auditor)
for and on behalf of Pinfields Limited
Chartered Accountants
Meryll House
57 Worcester Road
Bromsgrove
Worcestershire
B61 7DN

27 July 2022

Trueline Expanded Products Ltd. (Registered number: 02907163)

**Income Statement
for the year ended 31 October 2021**

| | Notes | 2021 £ | 2020 £ |
|----------------------------------------|-------|-----------------------|-----------------------|
| TURNOVER | | 8,421,288 | 5,705,640 |
| Cost of sales | | <u>(5,499,276)</u> | <u>(3,610,836)</u> |
| GROSS PROFIT | | 2,922,012 | 2,094,804 |
| Administrative expenses | | <u>(2,283,847)</u> | <u>(1,884,540)</u> |
| | | 638,165 | 210,264 |
| Other operating income | 3 | <u>120,640</u> | <u>294,241</u> |
| OPERATING PROFIT | 5 | 758,805 | 504,505 |
| Interest receivable and similar income | | <u>25</u> | <u>228</u> |
| | | 758,830 | 504,733 |
| Interest payable and similar expenses | 6 | <u>(42,306)</u> | <u>(32,371)</u> |
| PROFIT BEFORE TAXATION | | 716,524 | 472,362 |
| Tax on profit | 7 | <u>(191,767)</u> | <u>(31,521)</u> |
| PROFIT FOR THE FINANCIAL YEAR | | <u>524,757</u> | <u>440,841</u> |

The notes form part of these financial statements

Trueline Expanded Products Ltd. (Registered number: 02907163)

**Other Comprehensive Income
for the year ended 31 October 2021**

| | Notes | 2021 £ | 2020 £ |
|----------------------------------------------------|-------|-----------------------|-----------------------|
| PROFIT FOR THE YEAR | | 524,757 | 440,841 |
| OTHER COMPREHENSIVE INCOME | | <u>-</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u>524,757</u> | <u>440,841</u> |

The notes form part of these financial statements

Trueline Expanded Products Ltd. (Registered number: 02907163)

**Balance Sheet
31 October 2021**

| | Notes | 2021 £ | £ | 2020 £ | £ |
|-------------------------------------------------------|-------|-------------------------|-------------------------|------------------|-------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 9 | | 1,830,282 | | 1,917,128 |
| Investment property | 10 | | <u>-</u> | | <u>163,000</u> |
| | | | 1,830,282 | | 2,080,128 |
| CURRENT ASSETS | | | | | |
| Stocks | 11 | 805,185 | | 529,065 | |
| Debtors: amounts falling due within one year | 12 | 2,701,396 | | 1,896,907 | |
| Debtors: amounts falling due after more than one year | 12 | 1,936,397 | | 1,980,256 | |
| Cash at bank | | <u>464,946</u> | | <u>146,267</u> | |
| | | 5,907,924 | | 4,552,495 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 13 | <u>2,517,990</u> | | <u>1,446,946</u> | |
| NET CURRENT ASSETS | | | <u>3,389,934</u> | | <u>3,105,549</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 5,220,216 | | 5,185,677 |
| CREDITORS | | | | | |
| Amounts falling due after more than one year | 14 | | (900,064) | | (889,241) |
| PROVISIONS FOR LIABILITIES | 19 | | <u>(216,631)</u> | | <u>(153,172)</u> |
| NET ASSETS | | | <u>4,103,521</u> | | <u>4,143,264</u> |

The notes form part of these financial statements

Trueline Expanded Products Ltd. (Registered number: 02907163)

Balance Sheet - continued
31 October 2021

| | Notes | 2021 £ | £ | 2020 £ | £ |
|-----------------------------|-------|-----------|-------------------------|-----------|------------------|
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 20 | | 10,000 | | 10,000 |
| Revaluation reserve | 21 | | 282,303 | | 282,303 |
| Retained earnings | 21 | | <u>3,811,218</u> | | <u>3,850,961</u> |
| SHAREHOLDERS' FUNDS | | | <u>4,103,521</u> | | <u>4,143,264</u> |

The financial statements were approved by the Board of Directors and authorised for issue on 27 July 2022 and were signed on its behalf by:

L G W Wellings - Director

The notes form part of these financial statements

**Statement of Changes in Equity
for the year ended 31 October 2021**

| | Called up share capital £ | Retained earnings £ | Revaluation reserve £ | Total equity £ |
|-----------------------------------|----------------------------------------------|------------------------------------|--------------------------------------|-------------------------------|
| Balance at 1 November 2019 | 10,000 | 3,829,120 | 282,303 | 4,121,423 |
| Changes in equity | | | | |
| Dividends | - | (419,000) | - | (419,000) |
| Total comprehensive income | - | 440,841 | - | 440,841 |
| Balance at 31 October 2020 | 10,000 | 3,850,961 | 282,303 | 4,143,264 |
| Changes in equity | | | | |
| Dividends | - | (564,500) | - | (564,500) |
| Total comprehensive income | - | 524,757 | - | 524,757 |
| Balance at 31 October 2021 | 10,000 | 3,811,218 | 282,303 | 4,103,521 |

The notes form part of these financial statements

Cash Flow Statement
for the year ended 31 October 2021

| | Notes | 2021 £ | 2020 £ |
|---------------------------------------------------------|-------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | 1,032,302 | 742,595 |
| Interest paid | | (21,554) | (22,404) |
| Interest element of hire purchase payments paid | | (20,752) | (9,967) |
| Tax paid | | (38,718) | (61,948) |
| Net cash from operating activities | | <u>951,278</u> | <u>648,276</u> |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | (53,726) | (568,556) |
| Sale of tangible fixed assets | | 103,144 | 33,700 |
| Sale of investment property | | 158,488 | - |
| Interest received | | 25 | 228 |
| Net cash from investing activities | | <u>207,931</u> | <u>(534,628)</u> |
| Cash flows from financing activities | | | |
| Loan repayments in year | | (32,428) | (15,126) |
| Capital repayments in year | | (178,564) | (8,223) |
| Amount withdrawn by directors | | (65,038) | (1,723) |
| Equity dividends paid | | (564,500) | (419,000) |
| Net cash from financing activities | | <u>(840,530)</u> | <u>(444,072)</u> |
| Increase/(decrease) in cash and cash equivalents | | <u>318,679</u> | <u>(330,424)</u> |
| Cash and cash equivalents at beginning of year | 2 | <u>146,267</u> | 476,691 |
| Cash and cash equivalents at end of year | 2 | <u><u>464,946</u></u> | <u><u>146,267</u></u> |

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the year ended 31 October 2021**

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

| | 2021 | 2020 |
|---------------------------------------|-------------------------|----------------|
| | £ | £ |
| Profit before taxation | 716,524 | 472,362 |
| Depreciation charges | 274,693 | 228,769 |
| Profit on disposal of fixed assets | (18,223) | (2,025) |
| Finance costs | 42,306 | 32,371 |
| Finance income | (25) | (228) |
| | <u>1,015,275</u> | <u>731,249</u> |
| Increase in stocks | (276,120) | (35,464) |
| Increase in trade and other debtors | (666,288) | (71,909) |
| Increase in trade and other creditors | 959,435 | 118,719 |
| Cash generated from operations | <u>1,032,302</u> | <u>742,595</u> |

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 October 2021

| | 31/10/21 | 1/11/20 |
|---------------------------|-----------------------|----------------|
| | £ | £ |
| Cash and cash equivalents | <u>464,946</u> | <u>146,267</u> |

Year ended 31 October 2020

| | 31/10/20 | 1/11/19 |
|---------------------------|-----------------------|----------------|
| | £ | £ |
| Cash and cash equivalents | <u>146,267</u> | <u>476,691</u> |

Notes to the Cash Flow Statement
for the year ended 31 October 2021

3. ANALYSIS OF CHANGES IN NET DEBT

| | At 1/11/20 £ | Cash flow £ | Other non-cash changes £ | At 31/10/21 £ |
|------------------------------------|--------------------|----------------|-----------------------------------|--------------------|
| Net cash | | | | |
| Cash at bank | <u>146,267</u> | <u>318,679</u> | | <u>464,946</u> |
| | <u>146,267</u> | <u>318,679</u> | | <u>464,946</u> |
| Debt | | | | |
| Finance leases | (423,124) | 178,564 | - | (459,091) |
| Debts falling due within 1 year | (32,395) | (1,108) | - | (33,503) |
| Debts falling due after 1 year | <u>(551,082)</u> | <u>33,536</u> | - | <u>(517,546)</u> |
| | <u>(1,006,601)</u> | <u>210,992</u> | - | <u>(1,010,140)</u> |
| Total | <u>(860,334)</u> | <u>529,671</u> | - | <u>(545,194)</u> |

**Notes to the Financial Statements
for the year ended 31 October 2021**

1. STATUTORY INFORMATION

Trueline Expanded Products Ltd. is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The presentation currency of these financial statements is sterling (£) and they are rounded to the nearest £1.

Going Concern

The COVID-19 pandemic and the ensuing economic shutdown have significantly impacted the company. The accounts have been prepared on the assumption that the company is able to carry on business as a going concern, which the Directors consider appropriate having regard to the circumstances.

The Directors have modified their cash flow forecasts to reflect the expected impact of COVID-19 on the business. These included measures that the Directors have taken to ensure the company can continue to meet its debts.

A variety of financial measures have been put in place.

A number of permanent staff were furloughed but the use of this scheme had ended before the year end.

Significant judgements and estimates

In the course of preparing the financial statements, no judgements have been made in the process of applying the Company's accounting policies, other than those involving estimations, that have had a significant effect on the amounts recognised in the financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point the customer has signed for the delivery of goods.

**Notes to the Financial Statements - continued
for the year ended 31 October 2021**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

| | |
|-----------------------|-------------------------------------------|
| Long leasehold | - 2% on cost |
| Plant and machinery | - 20% on reducing balance |
| Fixtures and fittings | - 33% on cost and 20% on reducing balance |
| Motor vehicles | - 25% on reducing balance |

The Long leasehold property is included at a deemed cost valuation from first implementation of FRS 102 in 2016. Depreciation is being provided at 2% on this value. The company has not adopted a revaluation policy.

Government grants

Government grants relating to revenue are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Grants relating to fixed assets are recognised in the income statement on a systematic basis over the expected useful life of the assets. The deferred element is disclosed in creditors as 'Deferred government grants'.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the Financial Statements - continued
for the year ended 31 October 2021**

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

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

Hire purchase and leasing commitments

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

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

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Notes to the Financial Statements - continued
for the year ended 31 October 2021

2. ACCOUNTING POLICIES - continued

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transactions price, except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value. If an arrangement constitutes a financing transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments that have no stated interest rate and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are only derecognised when the contractual rights to the cash flows from the financial asset expire or are settled, when the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or when the company has transferred control of the asset to another party.

Financial liabilities are only derecognised when the obligation is discharged, cancelled or expired.

3. OTHER OPERATING INCOME

| | 2021 | 2020 |
|-------------------|-----------------------|-----------------------|
| | £ | £ |
| Rents received | 600 | 4,800 |
| Government grants | 119,721 | 288,896 |
| Exchange gains | 319 | 545 |
| | <u>120,640</u> | <u>294,241</u> |

Grants received are made up of Coronavirus Job Retention Scheme and deferred grants for asset purchases.

4. EMPLOYEES AND DIRECTORS

| | 2021 | 2020 |
|-----------------------|-------------------------|-------------------------|
| | £ | £ |
| Wages and salaries | 1,459,510 | 1,442,319 |
| Social security costs | 134,937 | 127,217 |
| Other pension costs | 30,286 | 27,959 |
| | <u>1,624,733</u> | <u>1,597,495</u> |

Notes to the Financial Statements - continued
for the year ended 31 October 2021

4. **EMPLOYEES AND DIRECTORS - continued**

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

| | 2021 | 2020 |
|---------|-----------|-----------|
| Factory | 39 | 43 |
| Office | 21 | 19 |
| | <u>60</u> | <u>62</u> |

| | 2021 | 2020 |
|------------------------------------------------------------|--------------|--------------|
| | £ | £ |
| Directors' remuneration | 107,492 | 108,392 |
| Directors' pension contributions to money purchase schemes | <u>1,658</u> | <u>1,719</u> |

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

| | 2021 | 2020 |
|------------------------|----------|----------|
| Money purchase schemes | <u>3</u> | <u>3</u> |

5. **OPERATING PROFIT**

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

| | 2021 | 2020 |
|--------------------------------------------------|--------------|--------------|
| | £ | £ |
| Hire of plant and machinery | 27,502 | 33,526 |
| Depreciation - owned assets | 171,006 | 164,283 |
| Depreciation - assets on hire purchase contracts | 103,688 | 64,485 |
| Profit on disposal of fixed assets | (18,223) | (2,025) |
| Auditors' remuneration | 13,000 | 10,000 |
| Foreign exchange differences | <u>(319)</u> | <u>(545)</u> |

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

| | 2021 | 2020 |
|------------------------------|---------------|---------------|
| | £ | £ |
| Bank interest | 2,258 | 1,500 |
| Bank loan interest | 19,294 | 20,606 |
| Interest on overdue taxation | 2 | 298 |
| Hire purchase | <u>20,752</u> | <u>9,967</u> |
| | <u>42,306</u> | <u>32,371</u> |

Notes to the Financial Statements - continued
for the year ended 31 October 2021

7. **TAXATION**

Analysis of the tax charge

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

| | 2021 £ | 2020 £ |
|---------------------------|----------------|-----------------|
| Current tax: | | |
| UK corporation tax | 128,308 | - |
| Prior year tax adjustment | - | (51,061) |
| Total current tax | <u>128,308</u> | <u>(51,061)</u> |
| Deferred tax | 63,459 | 82,582 |
| Tax on profit | <u>191,767</u> | <u>31,521</u> |

Reconciliation of total tax charge included in profit and loss

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

| | 2021 £ | 2020 £ |
|--------------------------------------------------------------------------------------------|----------------|----------------|
| Profit before tax | <u>716,524</u> | <u>472,362</u> |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%) | 136,140 | 89,749 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 8,184 | 1,772 |
| Capital allowances in excess of depreciation | - | (124,462) |
| Depreciation in excess of capital allowances | 12,714 | - |
| Utilisation of tax losses | (25,268) | - |
| Adjustments to tax charge in respect of previous periods | - | (51,061) |
| Deferred tax | 63,459 | 82,582 |
| Profit/loss on disposal of assets | (3,462) | (385) |
| Losses carried forward | - | 33,326 |
| Total tax charge | <u>191,767</u> | <u>31,521</u> |

8. **DIVIDENDS**

| | 2021 £ | 2020 £ |
|----------------------------|----------------|----------------|
| Ordinary shares of £1 each | | |
| Interim | <u>564,500</u> | <u>419,000</u> |

Notes to the Financial Statements - continued
for the year ended 31 October 2021

9. TANGIBLE FIXED ASSETS

| | Long leasehold £ | Plant and machinery £ | Fixtures and fittings £ | Motor vehicles £ | Totals £ |
|--------------------------|------------------------|-----------------------------|----------------------------------|------------------------|------------------|
| COST OR VALUATION | | | | | |
| At 1 November 2020 | 850,000 | 1,799,524 | 136,014 | 400,005 | 3,185,543 |
| Additions | - | - | 17,695 | 250,562 | 268,257 |
| Disposals | - | - | - | (146,452) | (146,452) |
| At 31 October 2021 | <u>850,000</u> | <u>1,799,524</u> | <u>153,709</u> | <u>504,115</u> | <u>3,307,348</u> |
| DEPRECIATION | | | | | |
| At 1 November 2020 | 85,000 | 844,880 | 106,020 | 232,515 | 1,268,415 |
| Charge for year | 17,000 | 190,930 | 12,605 | 54,159 | 274,694 |
| Eliminated on disposal | - | - | - | (66,043) | (66,043) |
| At 31 October 2021 | <u>102,000</u> | <u>1,035,810</u> | <u>118,625</u> | <u>220,631</u> | <u>1,477,066</u> |
| NET BOOK VALUE | | | | | |
| At 31 October 2021 | <u>748,000</u> | <u>763,714</u> | <u>35,084</u> | <u>283,484</u> | <u>1,830,282</u> |
| At 31 October 2020 | <u>765,000</u> | <u>954,644</u> | <u>29,994</u> | <u>167,490</u> | <u>1,917,128</u> |

Cost or valuation at 31 October 2021 is represented by:

| | Long leasehold £ | Plant and machinery £ | Fixtures and fittings £ | Motor vehicles £ | Totals £ |
|-------------------|------------------------|-----------------------------|----------------------------------|------------------------|------------------|
| Valuation in 2015 | 212,140 | - | - | - | 212,140 |
| Cost | <u>637,860</u> | <u>1,799,524</u> | <u>153,709</u> | <u>504,115</u> | <u>3,095,208</u> |
| | <u>850,000</u> | <u>1,799,524</u> | <u>153,709</u> | <u>504,115</u> | <u>3,307,348</u> |

If leasehold property had not been revalued it would have been included at the following historical cost:

| | 2021 £ | 2020 £ |
|----------------------------------------------|----------------|----------------|
| Cost | <u>637,680</u> | <u>637,680</u> |
| Aggregate depreciation | <u>159,462</u> | <u>146,705</u> |
| Value of land in freehold land and buildings | <u>850,000</u> | <u>850,000</u> |

Notes to the Financial Statements - continued
for the year ended 31 October 2021

9. **TANGIBLE FIXED ASSETS - continued**

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

| | Plant and machinery | Motor vehicles | Totals |
|--------------------------|--------------------------------|---------------------------|----------------|
| | £ | £ | £ |
| COST OR VALUATION | | | |
| At 1 November 2020 | 374,700 | 177,636 | 552,336 |
| Additions | - | 250,562 | 250,562 |
| Disposals | - | (98,382) | (98,382) |
| Transfer to ownership | - | (52,500) | (52,500) |
| At 31 October 2021 | <u>374,700</u> | <u>277,316</u> | <u>652,016</u> |
| DEPRECIATION | | | |
| At 1 November 2020 | 35,293 | 69,164 | 104,457 |
| Charge for year | 67,882 | 35,806 | 103,688 |
| Eliminated on disposal | - | (26,238) | (26,238) |
| Transfer to ownership | - | (24,189) | (24,189) |
| At 31 October 2021 | <u>103,175</u> | <u>54,543</u> | <u>157,718</u> |
| NET BOOK VALUE | | | |
| At 31 October 2021 | <u>271,525</u> | <u>222,773</u> | <u>494,298</u> |
| At 31 October 2020 | <u>339,407</u> | <u>108,472</u> | <u>447,879</u> |

10. **INVESTMENT PROPERTY**

| | Total |
|-----------------------|----------------|
| | £ |
| FAIR VALUE | |
| At 1 November 2020 | 163,000 |
| Disposals | (163,000) |
| At 31 October 2021 | - |
| NET BOOK VALUE | |
| At 31 October 2021 | - |
| At 31 October 2020 | <u>163,000</u> |

The directors valued the property as at 31 October 2020. The property has subsequently been disposed of in January 2021 for £160,000 not materially different to the fair value.

Notes to the Financial Statements - continued
for the year ended 31 October 2021

11. **STOCKS**

| | 2021 | 2020 |
|------------------|----------------|----------------|
| | £ | £ |
| Finished Goods | 54,822 | 32,841 |
| Raw materials | 614,738 | 496,224 |
| Work-in-progress | 135,625 | - |
| | <u>805,185</u> | <u>529,065</u> |

12. **DEBTORS**

| | 2021 | 2020 |
|--------------------------------------|------------------|------------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 2,176,651 | 1,381,926 |
| Other debtors | 1,200 | 2,876 |
| Staff loan | 245,140 | 319,767 |
| Directors' current accounts | 95,195 | 30,218 |
| S455 tax debtor | 143,109 | 113,745 |
| Accrued income | 7,145 | 30,294 |
| Prepayments | 32,956 | 18,081 |
| | <u>2,701,396</u> | <u>1,896,907</u> |

Amounts falling due after more than one year:

Amounts owed from related
party

| | |
|------------------|------------------|
| <u>1,936,397</u> | <u>1,980,256</u> |
| <u>1,936,397</u> | <u>1,980,256</u> |

Aggregate amounts

| | |
|------------------|------------------|
| <u>4,637,793</u> | <u>3,877,163</u> |
|------------------|------------------|

Notes to the Financial Statements - continued
for the year ended 31 October 2021

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2021 | 2020 |
|-----------------------------------------|------------------|------------------|
| | £ | £ |
| Bank loans and overdrafts (see note 15) | 33,503 | 32,395 |
| Hire purchase contracts (see note 16) | 132,039 | 155,122 |
| Trade creditors | 1,908,127 | 931,975 |
| Tax | 136,811 | 17,857 |
| Social security and other taxes | 74,137 | 34,522 |
| Pension account | 5,797 | 5,679 |
| VAT | 4,430 | 124,674 |
| Other creditors | 337 | 482 |
| Wages control account | 7,177 | 1,843 |
| Directors' current accounts | 9 | 70 |
| Deferred income | - | 15,000 |
| Accrued expenses | 201,756 | 106,280 |
| Deferred government grants | 13,867 | 21,047 |
| | <u>2,517,990</u> | <u>1,446,946</u> |

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

| | 2021 | 2020 |
|---------------------------------------|----------------|----------------|
| | £ | £ |
| Bank loans (see note 15) | 517,546 | 551,082 |
| Hire purchase contracts (see note 16) | 327,052 | 268,002 |
| Deferred government grants | 55,466 | 70,157 |
| | <u>900,064</u> | <u>889,241</u> |

15. LOANS

An analysis of the maturity of loans is given below:

| | 2021 | 2020 |
|---------------------------------------------------|----------------|----------------|
| | £ | £ |
| Amounts falling due within one year or on demand: | | |
| Bank loans | <u>33,503</u> | <u>32,395</u> |
| Amounts falling due between one and two years: | | |
| Bank loans - 1- 5 years | <u>145,990</u> | <u>141,112</u> |
| Amounts falling due in more than five years: | | |
| Repayable by instalments | | |
| Bank loans more 5 yr by instal | <u>371,556</u> | <u>409,970</u> |

Notes to the Financial Statements - continued
for the year ended 31 October 2021

15. **LOANS - continued**

The bank loan is repayable by instalments. Interest is charged at a variable interest rate of 3.30% per annum above Bank of England base rate..

16. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

| | Hire purchase | contracts |
|----------------------------|------------------------|------------------|
| | 2021 | 2020 |
| | £ | £ |
| Net obligations repayable: | | |
| Within one year | 132,039 | 155,122 |
| Between one and five years | 327,052 | 268,002 |
| | <u>459,091</u> | <u>423,124</u> |
| | Non-cancellable | operating |
| | 2021 | leases |
| | £ | 2020 |
| | | £ |
| Within one year | 4,876 | 7,979 |
| Between one and five years | - | 5,319 |
| | <u>4,876</u> | <u>13,298</u> |

17. **SECURED DEBTS**

The following secured debts are included within creditors:

| | 2021 | 2020 |
|-------------------------|------------------|------------------|
| | £ | £ |
| Bank loans | 551,049 | 583,477 |
| Hire purchase contracts | 459,091 | 423,124 |
| | <u>1,010,140</u> | <u>1,006,601</u> |

The bank loans are secured by a 1st Legal charges over the commercial leasehold know as Plot 8 Park Place, Firs Industrial Estate, Kidderminster, DY11 7QN dated 01/05/2008.

Also there is an unlimited debenture dated 18/04/2008 incorporating fixed and floating charge.

Hire purchase agreements are secured by £494,299 worth of fixed assets within the company and £47,830 worth of fixed assets transferred to an associated company.

Notes to the Financial Statements - continued
for the year ended 31 October 2021

18. **FINANCIAL INSTRUMENTS**

The carrying value of the company's financial assets and liabilities are summarised by category below:

| | 2021 £ | 2020 £ |
|--------------------------------------------|-----------|-----------|
| Financial assets | | |
| Measured at undiscounted amount receivable | | |
| - Trade and other debtors | 4,466,533 | 3,715,119 |
| Financial liabilities | | |
| Measured at undiscounted amount payable | | |
| - Trade and other creditors | 3,133,406 | 2,052,931 |

19. **PROVISIONS FOR LIABILITIES**

| | 2021 £ | 2020 £ |
|--------------------------------|----------------|---------------------|
| Deferred tax | | |
| Accelerated capital allowances | 216,631 | 198,719 |
| Tax losses carried forward | - | (45,547) |
| | <u>216,631</u> | <u>153,172</u> |
| | | Deferred tax |
| | | £ |
| Balance at 1 November 2020 | | 153,172 |
| Provided during year | | 63,459 |
| Balance at 31 October 2021 | | <u>216,631</u> |

20. **CALLED UP SHARE CAPITAL**

| | | | | |
|----------------------------------|----------|----------------|---------------|---------------|
| Allotted, issued and fully paid: | | | | |
| Number: | Class: | Nominal value: | 2021 £ | 2020 £ |
| 10,000 | Ordinary | £1 | <u>10,000</u> | <u>10,000</u> |

Notes to the Financial Statements - continued
for the year ended 31 October 2021

21. RESERVES

| | Retained earnings £ | Revaluation reserve £ | Totals £ |
|---------------------|---------------------------|-----------------------------|------------------|
| At 1 November 2020 | 3,850,961 | 282,303 | 4,133,264 |
| Profit for the year | 524,757 | | 524,757 |
| Dividends | (564,500) | | (564,500) |
| At 31 October 2021 | <u>3,811,218</u> | <u>282,303</u> | <u>4,093,521</u> |

22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 October 2021 and 31 October 2020:

| | 2021 £ | 2020 £ |
|--------------------------------------|---------------|---------------|
| L G W Wellings | | |
| Balance outstanding at start of year | 30,217 | 28,868 |
| Amounts advanced | 235,012 | 1,349 |
| Amounts repaid | (170,034) | - |
| Amounts written off | - | - |
| Amounts waived | - | - |
| Balance outstanding at end of year | <u>95,195</u> | <u>30,217</u> |
| S Mares and Mrs A M Mares | | |
| Balance outstanding at start of year | - | - |
| Amounts advanced | 211,509 | - |
| Amounts repaid | (211,509) | - |
| Amounts written off | - | - |
| Amounts waived | - | - |
| Balance outstanding at end of year | <u>-</u> | <u>-</u> |

The directors advances are repayable on demand and no interest has been charged.

The amount advanced to S Mares and Mrs A M Mares represents the maximum outstanding before the dividend paid on 6 April 2021.

23. RELATED PARTY DISCLOSURES

Entities with control, joint control or significant influence over the entity

| | 2021 £ | 2020 £ |
|-------------------------------|------------------|------------------|
| Sales | 7,451 | - |
| Purchases | 209,000 | 145,000 |
| Transfers | (43,859) | 284,963 |
| Amount due from related party | <u>1,936,397</u> | <u>1,980,256</u> |

Notes to the Financial Statements - continued
for the year ended 31 October 2021

23. RELATED PARTY DISCLOSURES - continued

Other related parties

| | 2021 | 2020 |
|-------------------------------|----------------|----------------|
| | £ | £ |
| Transfers | 25,373 | - |
| Amount due from related party | <u>345,140</u> | <u>319,767</u> |

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