

COMPANY REGISTRATION NUMBER: 03650937

Goldwing Cable Limited
Financial statements
31 October 2019



Goldwing Cable Limited

Financial statements

Year ended 31 October 2019

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Goldwing Cable Limited

Officers and professional advisers

The board of directors

Mr G Clarke
Mr K Ayres
Mr D Underwood

Company secretary

Mr D Underwood

Registered office

Unit 8A
Ellough Industrial Estate
Beccles
Suffolk
NR34 7TD

Auditor

Lovewell Blake LLP
Chartered accountants & statutory auditor
Bankside 300
Peachman Way
Broadland Business Park
Norwich
NR7 0LB

Goldwing Cable Limited

Strategic report

Year ended 31 October 2019

Introduction

The directors present their strategic report for Goldwing Cable Limited for the year ended 31 October 2019.

Principal activities

The principal activity of the company continues to be that of an electrical cable distributor.

Business review

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

We consider that our key financial performance indicators are those that communicate the financial performance and strengths of the company as a whole; these being turnover, gross profit margin and net profit margin.

The key performance indicators are:

	2019 %	2018 %
Turnover growth	-12.5	-4.8
Gross profit	14.2	18.8
Net profit after tax	1.4	5.9

The directors are satisfied with the performance of the company during the year bearing in mind the challenging economic climate due to the uncertainty created by the lead up to Brexit. Turnover has decreased from the previous year, which was forecast due to the timing of projects coming to a completion. However we have maintained the core business through continued good relationships with our customers and suppliers.

The company's assets and liabilities both increased in the year, but more importantly, the net assets of the company remain healthy, meaning the company is in a strong position moving forward. The directors are satisfied with the company's statement of financial position at the year end, which shows net current assets of £1,268,830 and shareholders' funds of £1,363,773.

A review of the company's financial risks and uncertainties is included in note 19.

As for many businesses of our size, the business environment in which we operate continues to be challenging. Whilst we anticipate some new opportunities in the period ahead, there will be fresh challenges, both during the transition period of the UK leaving the European Union and in the longer term. The directors have considered the impact of Brexit and the various scenarios, however the risks are considered minimal due to increased levels of stock allowing for delays in deliveries and sales with the EU making up an consistently small percentage of turnover.

Since the year end, the Covid-19 crisis has had an unprecedented impact on the environment in which the company operates. The effects have been far reaching and as yet are not fully defined.

Management continue to keep the situation under continuous assessment, being mindful of the government's guidance to ensure the safety of our staff which is of prime importance at this time, together with liaising with our customers and key suppliers. We have put in place contingency measures and plans for a number of scenarios in order to mitigate the worst of the impact to our business.

Goldwing Cable Limited

Strategic report *(continued)*

Year ended 31 October 2019

The company saw a reduction in demand from 23 March 2020 following the government enforced lockdown. With the partial reopening of the economy, the demand from customers has proven to be strong and comparable to previous years. The directors are hopeful that any impact on future results will not be significant or long lasting.

We welcome the government's initiatives to support business and the economy at this time. The company has secured additional borrowing offered by the government backed Coronavirus Business Interruption Loans since the year end.

This report was approved by the board of directors on 14/8/20 and signed on behalf of the board by:



Mr D Underwood
Company Secretary

Registered office:
Unit 8A
Ellough Industrial Estate
Beccles
Suffolk
NR34 7TD

Goldwing Cable Limited

Directors' report

Year ended 31 October 2019

The directors present their report and the financial statements of the company for the year ended 31 October 2019.

Directors

The directors who served the company during the year were as follows:

Mr G Clarke
Mr K Ayres
Mr D Underwood

Dividends

Particulars of recommended dividends are detailed in note 11 to the financial statements.

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 23 to the financial statements.

Disclosure of information in the strategic report

The company has prepared a strategic report in accordance with section 414C of the Companies Act 2006.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

Goldwing Cable Limited

Directors' report *(continued)*

Year ended 31 October 2019

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 14/8/20 and signed on behalf of the board by:



Mr D Underwood
Company Secretary

Registered office:
Unit 8A
Ellough Industrial Estate
Beccles
Suffolk
NR34 7TD

Goldwing Cable Limited

Independent auditor's report to the members of Goldwing Cable Limited

Year ended 31 October 2019

Opinion

We have audited the financial statements of Goldwing Cable Limited (the 'company') for the year ended 31 October 2019 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2019 and of its profit 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

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

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

Emphasis of matter

We draw attention to the narrative in note 23 of the financial statements (concerning events after the end of the reporting period), which describes the observed impacts to date of the Covid-19 pandemic and the directors' assessment of the pandemic on the operational activities and financial position of the company.

Goldwing Cable Limited

Independent auditor's report to the members of Goldwing Cable Limited

(continued)

Year ended 31 October 2019

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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, 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.

Goldwing Cable Limited

Independent auditor's report to the members of Goldwing Cable Limited

(continued)

Year ended 31 October 2019

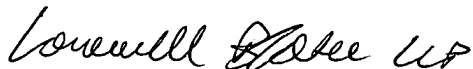
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at 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.



Steven Scarlett ACA (Senior Statutory Auditor)

For and on behalf of
Lovewell Blake LLP
Chartered accountants & statutory auditor
Bankside 300
Peachman Way
Broadland Business Park
Norwich
NR7 0LB

18 August 2020

Goldwing Cable Limited

Statement of income and retained earnings

Year ended 31 October 2019

	Note	2019 £	2018 £
Turnover	4	12,373,095	14,148,022
Cost of sales		(10,619,924)	(11,491,404)
Gross profit		1,753,171	2,656,618
Administrative expenses		(1,445,514)	(1,526,297)
Operating profit	5	307,657	1,130,321
Interest payable and similar expenses	9	(78,015)	(82,448)
Profit before taxation		229,642	1,047,873
Tax on profit	10	(56,767)	(209,329)
Profit for the financial year and total comprehensive income		172,875	838,544
Dividends paid and payable	11	(235,000)	(725,000)
Retained earnings at the start of the year		1,395,898	1,282,354
Retained earnings at the end of the year		1,333,773	1,395,898

All the activities of the company are from continuing operations.

The notes on pages 12 to 21 form part of these financial statements.


Goldwing Cable Limited

Statement of financial position


31 October 2019

	Note	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	12		115,163		129,932
Current assets					
Stocks	13	2,729,059		2,879,915	
Debtors	14	3,580,889		2,906,004	
Cash at bank and in hand		14,339		61,510	
		<u>6,324,287</u>		<u>5,847,429</u>	
Creditors: Amounts falling due within one year	15	<u>(5,055,457)</u>		<u>(4,531,421)</u>	
Net current assets			<u>1,268,830</u>		<u>1,316,008</u>
Total assets less current liabilities			<u>1,383,993</u>		<u>1,445,940</u>
Provisions					
Taxation including deferred tax	16		<u>(20,220)</u>		<u>(20,042)</u>
Net assets			<u>1,363,773</u>		<u>1,425,898</u>
Capital and reserves					
Called up share capital	20		30,000		30,000
Profit and loss account	21		<u>1,333,773</u>		<u>1,395,898</u>
Shareholders funds			<u>1,363,773</u>		<u>1,425,898</u>

These financial statements were approved by the board of directors and authorised for issue on 14/8/20, and are signed on behalf of the board by:


Mr G Clarke
Director


Mr K Ayres
Director


Mr D Underwood
Director

Company registration number: 03650937

The notes on pages 12 to 21 form part of these financial statements.

Goldwing Cable Limited

Statement of cash flows

Year ended 31 October 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	172,875	838,544
<i>Adjustments for:</i>		
Depreciation of tangible assets	23,278	26,885
Interest payable and similar expenses	78,015	82,448
Loss on disposal of tangible assets	—	12,164
Tax on profit	56,767	209,329
Accrued income	(110,508)	(45,904)
<i>Changes in:</i>		
Stocks	150,856	(230,536)
Trade and other debtors	(674,885)	2,098,736
Trade and other creditors	106,201	(448,949)
Cash generated from operations	(197,401)	2,542,717
Interest paid	(78,015)	(82,448)
Tax paid	(89,220)	(202,257)
Net cash (used in)/from operating activities	<u>(364,636)</u>	<u>2,258,012</u>
Cash flows from investing activities		
Purchase of tangible assets	<u>(8,509)</u>	<u>(15,922)</u>
Net cash used in investing activities	<u>(8,509)</u>	<u>(15,922)</u>
Cash flows from financing activities		
Proceeds from borrowings	(72,500)	90,000
Dividends paid	(235,000)	(725,000)
Invoice discounting	633,474	(1,525,921)
Net cash from/(used in) financing activities	<u>325,974</u>	<u>(2,160,921)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(47,171)</u>	<u>81,169</u>
Cash and cash equivalents at beginning of year	<u>61,510</u>	<u>(19,659)</u>
Cash and cash equivalents at end of year	<u>14,339</u>	<u>61,510</u>

The notes on pages 12 to 21 form part of these financial statements.

Goldwing Cable Limited

Notes to the financial statements

Year ended 31 October 2019

1. General information

The company is a private company limited by shares, registered in England. The address of the registered office is Unit 8A, Ellough Industrial Estate, Beccles, Suffolk, NR34 7TD

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Cash and cash equivalents

Cash and cash equivalents includes cash at bank and cash in hand.

Going concern

The financial statements have been prepared on a going concern basis. The directors anticipate the company will receive continued financial support from the company's bankers.

The potential impact of Covid-19 has been included in note 23 of the financial statements. Along with many businesses, the company is experiencing restrictions to their trade due to the impact of coronavirus and measures taken to combat this. Management have taken necessary steps, including securing additional facilities with their bankers, which means the going concern basis is considered appropriate.

Related party transactions

The company discloses transactions with related parties. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary the effect of the transactions on the financial statements.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Goldwing Cable Limited

Notes to the financial statements *(continued)*

Year ended 31 October 2019

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

- Stock valuation

The company considers the valuation of stocks and whether a provision is necessary. Where a provision is deemed necessary due to the identification of slow moving stock the company will provide against the cost.

Revenue recognition

The turnover shown in the profit and loss account represents the amount of cable sold.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Goldwing Cable Limited

Notes to the financial statements *(continued)*

Year ended 31 October 2019

3. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Improvements to Leasehold Property	-	10% straight line
Plant & Machinery	-	20% straight line
Fixtures & Fittings	-	10% straight line

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost is calculated based on the average purchase price of each item.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Goldwing Cable Limited

Notes to the financial statements *(continued)*

Year ended 31 October 2019

3. Accounting policies *(continued)*

Defined contribution plans *(continued)*

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2019 £	2018 £
Sale of goods	<u>12,373,095</u>	<u>14,148,022</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2019 £	2018 £
United Kingdom	12,077,112	13,838,548
Europe	<u>295,983</u>	<u>309,474</u>
	<u>12,373,095</u>	<u>14,148,022</u>

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2019 £	2018 £
Depreciation of tangible assets	23,278	26,885
Loss on disposal of tangible assets	–	12,164
Impairment of trade debtors	(17,975)	(2,610)
Operating lease rentals	<u>161,086</u>	<u>169,204</u>

6. Auditor's remuneration

	2019 £	2018 £
Fees payable for the audit of the financial statements	<u>8,800</u>	<u>8,450</u>

Goldwing Cable Limited

Notes to the financial statements *(continued)*

Year ended 31 October 2019

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2019 No.	2018 No.
Distribution staff	19	19
Administrative staff	6	6
Management staff	3	3
	<u>28</u>	<u>28</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2019 £	2018 £
Wages and salaries	698,325	704,313
Social security costs	63,583	64,720
Other pension costs	105,886	104,955
	<u>867,794</u>	<u>873,988</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2019 £	2018 £
Remuneration	149,843	142,268
Company contributions to defined contribution pension plans	88,889	88,889
	<u>238,732</u>	<u>231,157</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2019 No.	2018 No.
Defined contribution plans	<u>3</u>	<u>3</u>

9. Interest payable and similar expenses

	2019 £	2018 £
Interest on banks loans and overdrafts	372	308
Interest payable	2,155	—
Other interest payable and similar charges	75,488	82,140
	<u>78,015</u>	<u>82,448</u>

Goldwing Cable Limited

Notes to the financial statements *(continued)*

Year ended 31 October 2019

10. Tax on profit

Major components of tax expense

	2019 £	2018 £
Current tax:		
UK current tax expense	56,589	216,391
Deferred tax:		
Origination and reversal of timing differences	178	(7,062)
Tax on profit	<u>56,767</u>	<u>209,329</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

The differences are explained below:-

	2019 £	2018 £
Profit on ordinary activities before taxation	229,642	1,047,873
Profit on ordinary activities by rate of tax	59,651	199,096
Effect of expenses not deductible for tax purposes	10,635	12,607
Effect of change in tax rates	2,500	(2,374)
Tax on profit	<u>72,786</u>	<u>209,329</u>

11. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2019 £	2018 £
Equity dividends on ordinary shares	<u>235,000</u>	<u>725,000</u>

Goldwing Cable Limited

Notes to the financial statements *(continued)*

Year ended 31 October 2019

12. Tangible assets

	Improve- ments to Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Total £
Cost				
At 1 November 2018	30,398	219,965	36,431	286,794
Additions	—	8,509	—	8,509
At 31 October 2019	30,398	228,474	36,431	295,303
Depreciation				
At 1 November 2018	23,280	119,331	14,251	156,862
Charge for the year	712	20,377	2,189	23,278
At 31 October 2019	23,992	139,708	16,440	180,140
Carrying amount				
At 31 October 2019	6,406	88,766	19,991	115,163
At 31 October 2018	7,118	100,634	22,180	129,932

13. Stocks

	2019 £	2018 £
Finished goods and goods for resale	2,729,059	2,879,915

The amount of stock recognised as an expense in cost of sales during the year was £10,005,754 (2018: £10,851,082).

14. Debtors

	2019 £	2018 £
Trade debtors	3,505,290	2,817,610
Prepayments and accrued income	73,974	88,394
Other debtors	1,625	—
	3,580,889	2,906,004

Goldwing Cable Limited

Notes to the financial statements *(continued)*

Year ended 31 October 2019

15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,590,495	1,658,102
Accruals and deferred income	420,837	531,345
Corporation tax	183,760	216,391
Social security and other taxes	283,621	109,813
Director loan accounts	17,500	90,000
Invoice discounting	2,559,244	1,925,770
	<u>5,055,457</u>	<u>4,531,421</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2019 £	2018 £
Invoice discounting	2,559,244	1,925,770

Invoice discounting is secured on the trade debtors. Personal indemnities for each of the directors, capped at £50,000, as well as an all asset debenture, are attached to cash advanced via invoice discounting.

16. Provisions

	Deferred tax (note 17) £
At 1 November 2018	20,042
Additions	178
At 31 October 2019	<u>20,220</u>

17. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2019 £	2018 £
Included in provisions (note 16)	<u>20,220</u>	<u>20,042</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2019 £	2018 £
Accelerated capital allowances	<u>20,220</u>	<u>20,042</u>

18. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £105,886 (2018: £104,955).

Goldwing Cable Limited

Notes to the financial statements (continued)

Year ended 31 October 2019

19. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2019 £	2018 £
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	<u>3,505,290</u>	<u>2,817,610</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>5,072,294</u>	<u>4,531,421</u>

Risks

Exposure to financial, liquidity, credit and interest risks arises in the normal course of the company's business. These risks are limited by the company's financial management policies and practices described below:

Financial Risk

Treasury activities take place under procedures and policies approved and monitored by the directors. They are designed to minimise the financial risks faced by the company, i.e. liquidity risk, credit risk and interest rate risk. Foreign exchange rate risks are mitigated by the use of forward exchange contracts.

Liquidity risk

The company manages its liquidity to ensure that sufficient funds are available for ongoing operations and future developments whilst seeking to minimise interest expense.

Credit risk

The company's principal financial assets are cash balances and trade debtors. Credit risk on cash balances is limited as the directors only deposit funds with regulated institutions which have high credit ratings. Trade debtor balances are monitored on an ongoing basis and provision is made for doubtful debts as necessary.

Interest rate risk

The company is exposed to interest rate risk on its cash balances. The directors monitor interest rates available for the company's funds taking into account the company's liquidity and credit risk requirements. The company does not use any derivative instruments to reduce its economic exposure to changes in interest rates.

20. Called up share capital

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>

21. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Goldwing Cable Limited

Notes to the financial statements *(continued)*

Year ended 31 October 2019

22. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019 £	2018 £
Not later than 1 year	139,065	142,327
Later than 1 year and not later than 5 years	381,211	220,582
	<u>520,276</u>	<u>362,909</u>

23. Events after the end of the reporting period

Since the year, the Covid-19 crisis has had an unprecedented impact on the environment in which the company operates. The effects have been far reaching and as yet are not fully defined. Construction activity in the economy was halted following the lockdown that began on 23 March 2020, with the company's trade being hit significantly for a number of months. As the economy has begun to gradually open up, demand has returned to levels comparable to previous years.

While it is presently difficult to accurately predict when and how the current pandemic will be resolved, the directors have been keeping the situation under constant review and developing and refining the company's response as new information becomes available. Based upon this review and the impacts seen to date, the directors do not believe that the pandemic poses any significant threat to the company's operation or financial position.

24. Related party transactions

During the year the company paid dividends to the directors of £235,000 (2018: £725,000).

The company owed the directors £22,500 (2018: 90,000) at the year end.

The directors owed the company £5,000 (2018: £nil) at the year end.

The remuneration during the year relating to key personnel, including directors was £254,384 (2018: £247,347).

25. Controlling interest

No one individual has control of the company.