

F.Klucznik And Son Limited
Group Strategic Report,
Report of the Directors and
Consolidated Financial Statements
For The Period 1 October 2018 to 31 January 2020

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For The Period 1 October 2018 to 31 January 2020**

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F.Klucznik And Son Limited

**Company
Information**

For The Period 1 October 2018 to 31 January 2020

DIRECTORS:

Mr D Klucznik
Mr F W Klucznik
Mrs K E Klucznik-Knowles
Mr N Hodgkinson
Mr R C Harper
Mr D J Lovatt
Mr I Mycock

REGISTERED OFFICE:

Mossfield Road
Adderley Green
Longton
Stoke on Trent
Staffordshire
ST3 5BW

REGISTERED NUMBER:

01448116 (England and Wales)

AUDITORS:

Lloyd Piggott Limited
Chartered Accountants and Statutory Auditor
St George's House
56 Peter Street
Manchester
M2 3NQ

BANKERS:

HSBC Bank plc
4 Hardman Square
Spinningfields
Manchester
M3 3EB

SOLICITORS:

Bowcock and Pursaill
54 St. Edward Street
Leek
Staffordshire
ST13 5DJ

**Group Strategic Report
For The Period 1 October 2018 to 31 January 2020**

The directors present their strategic report of the company and the group for the period 1 October 2018 to 31 January 2020.

REVIEW OF BUSINESS

We are continuously looking for opportunities to improve our business practices and productivity. During the period covered by these financial statements we invested £259,481 in software to modernise our inventory and financial reporting process. To ensure we were able to take advantage of this as soon as possible we chose to temporarily extend the accounting period from 30 September 2019 to 31 January 2020 (being 16 month period). We plan to return to 30 September year end thereafter. The implementation of these better practices has had a small impact on our performance during this period, but the disruption has been worth the benefits we are now seeing. As a result the directors are satisfied with the group's performance, regarding both turnover and profitability. Turnover has continued in line with expectations £50.2m (2018) to £64.7m (16 months) in the year. Gross profits have also remained in line with the previous year at 28.8% compared to 31.2% (2018).

As part of the group's growth strategy and continual efforts to improve our manufacturing procedures and efficiencies, we have also chosen to invest in further infrastructure at our Head Office site. The enabling phase of additional industrial land commenced during the year and is now complete. This investment of £1.6 million so far has again strengthened our net asset position.

We have a strong history of supporting local charities via sponsorship and donations and one of our key objectives is the wellbeing of our customers, employees, and suppliers. The directors are committed to considerable investment in communication with all three main parties which is a major contributing factor in the company's performance.

POST BALANCE SHEET EVENTS

Since the year end the coronavirus pandemic has hit both the UK and global economies, and we have inevitably felt the impact. Once we realised the gravity of the situation in March 2020, we took the decision to temporarily close our business operations to safeguard the health of our employees and their families. The majority of our staff were furloughed as a result, and we took advantage of the government's Job Retention Scheme.

Since then we have taken care to put measures in place in line with government guidelines, to ensure our workplace is ready for the safe return of our workforce. As a result, we have now recommenced production, albeit on a smaller scale at first. Refer to 'Principal risks and uncertainties' below for more information on actions taken to ensure the long-term success of our business.

We have not made any changes to our long-term strategy as a result of the pandemic.

**Group Strategic Report
For The Period 1 October 2018 to 31 January 2020**

PRINCIPAL RISKS AND UNCERTAINTIES

The impact of Coronavirus on our business is the greatest risk we are facing today. We have identified the following risks and actions taken to mitigate them:

The business has implemented a number of specific Covid policies to protect employees from Covid which details the steps and controls adopted from government guidance. We have taken both physical and operational measures to minimise the potential exposure to all stakeholders. Where possible employees are segregated in work areas and where this is not possible we have introduced PVC screens, additional PPE and enhanced cleaning regimes. There is a strong emphasis on hygiene and sanitary standards. Managers have been given an Emergency Response Plan should they encounter an employee with suspected symptoms. Should any staff member advise of a positive Covid result the business will follow a documented Covid Positive Procedure. Due to the risk of spread from outside the business a separate Site Access policy has also been implemented which limits external visitors to only those essential in the safe operation of the site.

We have always worked hard to maintain continuity of our supply chain which has stood us in good stead during the pandemic. Relations with suppliers remain strong and we have sufficient spread across the market to sustain our procurement processes. We have continued to pay particular attention to our cash management throughout the pandemic period with forecasts in place that are closely monitored.

The company has overseas sales and purchases, which is at risk to exchange rate (which is also covered in the financial instruments section above).

Our supply chain is tested rigorously both for their financial strength and to ensure we have multiple supply opportunities in the event of any failures.

RESEARCH & DEVELOPMENT AND FUTURE DEVELOPMENTS

The group continue to recognise the importance of ongoing research and development in respect of continued development of its product range, which brings new improved capabilities to our customers and helps to encourage our competitive positioning. The company will continue to invest in R&D as part of its operations and future strategies.

Plans are in place to continue the development on the additional industrial site, with extra production facilities and the addition of an inhouse powder coating plant in mind.

The directors and management team are committed to its clear strategy of continues improvement, throughout the group's operations and processes.

FINANCIAL RISK MANAGEMENT

The group apply strict credit control management techniques to ensure that the appropriate credit checks are carried out to make sure clients are credit worthy. In addition to this the group insures all trade accounts through it's credit insurance facility.

The directors believe that the group has sufficient funds available to support future activities. The group is expected to continue to trade profitably next year.

FINANCIAL INSTRUMENTS

The group has a normal level of exposure to price, credit, liquidity and cash flow risks arising from trading activities, which are conducted mainly in sterling and euros. The group also use forward contracts to procure specific energy and raw materials, transactions are mainly covered by suitable hedging contracts at an exchange rate agreed for the year.

**Group Strategic Report
For The Period 1 October 2018 to 31 January 2020**

KEY PERFORMANCE INDICATORS

The directors monitor key performance indicators which help monitor the financial performance and strength of the company.

Multiple internal department specific KPI's are in place to provide early warning indicators, which require management intervention. The directors will seek to improve the efficiencies of the business, which will involve increased monitoring of individual departments.

The following are an example of KPIs utilised by the directors when assessing the business performance:

	P/E 31 January 2020	Y/E 30 September 2018
Turnover	£64,730,404	£50,252,919
Gross margin %	28.8%	31.2%
Net profit	£2,094,041	£2,823,568
Employee productivity	£97,357	£103,062
Stock turnover	3.58	4.27
Shareholder funds	£34,347,125	£32,246,518

Data is taken from the audited consolidated financial statements

ON BEHALF OF THE BOARD:

Mr F W Klucznik - Director

6 July 2020

**Report of the Directors
For The Period 1 October 2018 to 31 January 2020**

The directors present their report with the financial statements of the company and the group for the period
1 October 2018 to 31 January 2020.

PRINCIPAL ACTIVITY

The principal activity of the group in the period under review was that of design, manufacture market and sale of goods
for the agricultural and fencing industries.

DIVIDENDS

No dividends will be distributed for the period ended 31 January 2020.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2018 to the date of this
report.

Mr D Klucznik
Mr F W Klucznik
Mrs K E Klucznik-Knowles
Mr N Hodgkinson
Mr R C Harper
Mr D J Lovatt

Other changes in directors holding office are as follows:

Mr I Mycock was appointed as a director after 31 January 2020 but prior to the date of this
report.

EMPLOYMENT OF DISABLED PERSONS

The company's policy is to give full and fair consideration to applications for employment made by
disabled persons,
having regard to their particular aptitudes and abilities.

Disabled employees receive appropriate training to promote their career development within the
company. Employees
who become disabled are retained in their existing posts where possible or retrained for suitable
alternative posts.

EMPLOYEE INVOLVEMENT

Regular meetings are held between senior management and employee representatives to discuss
matters of concern.
Employees are kept well informed about the progress and position of the company by means of
regular departmental
meetings, newsletters and journals.

DISCLOSURE IN THE STRATEGIC REPORT

Information regarding research and development, future developments, financial instruments and
post balance sheet
events can be found in the strategic report.

**Report of the Directors
For The Period 1 October 2018 to 31 January 2020**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; state whether applicable 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group 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 group'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 group's auditors are aware of that information.

AUDITORS

Lloyd Piggott Limited, have expressed their willingness to be re-appointed as auditors of the company. A resolution will be proposed at the next Annual General Meeting to re-appoint Lloyd Piggott Limited as the auditors of the company.

ON BEHALF OF THE BOARD:

Mr F W Klucznik - Director

6 July 2020

Report of the Independent Auditors to the Members of F.Klucznik And Son Limited

Opinion

We have audited the financial statements of F.Klucznik And Son Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 January 2020 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, 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 group's and of the parent company affairs as at 31 January 2020 and of the group's profit for the period 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 group in accordance with the ethical requirements

that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

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

apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Group 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 Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of F.Klucznik And Son Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page six, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting

Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the

Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those

matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent

permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's

members as a body, for our audit work, for this report, or for the opinions we have formed.

Susan Redmond ACA (Senior Statutory Auditor)
for and on behalf of Lloyd Piggott Limited

Chartered Accountants and Statutory Auditor
St George's House
56 Peter Street
Manchester
M2 3NQ

6 July 2020

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**Consolidated Statement of Comprehensive Income
For The Period 1 October 2018 to 31 January 2020**

	Notes	Period 1.10.18 to 31.1.20 £	£	Year Ended 30.9.18 £	£
TURNOVER	3		64,730,404		50,252,919
Cost of sales			<u>45,958,305</u>		<u>34,331,271</u>
GROSS PROFIT			18,772,099		15,921,648
Distribution costs		140,614		118,578	
Administrative expenses		<u>16,003,349</u>		<u>12,354,225</u>	
			<u>16,143,963</u>		<u>12,472,803</u>
			2,628,136		3,448,845
Other operating income			<u>12,000</u>		<u>13,950</u>
OPERATING PROFIT	6		2,640,136		3,462,795
Interest receivable and similar income	7		<u>16,823</u>		<u>11,880</u>
			2,656,959		3,474,675
Interest payable and similar expenses	8		<u>91,805</u>		<u>23,282</u>
PROFIT BEFORE TAXATION			2,565,154		3,451,393
Tax on profit	9		<u>471,113</u>		<u>627,825</u>
PROFIT FOR THE FINANCIAL PERIOD			2,094,041		2,823,568
OTHER COMPREHENSIVE INCOME			<u>-</u>		<u>-</u>
TOTAL COMPREHENSIVE INCOME			<u>2,094,041</u>		<u>2,823,568</u>
FOR THE PERIOD			<u><u>2,094,041</u></u>		<u><u>2,823,568</u></u>
Profit attributable to: Owners of the parent			<u>2,094,041</u>		<u>2,823,568</u>
Total comprehensive income attributable to: Owners of the parent			<u>2,094,041</u>		<u>2,823,568</u>

The notes form part of these financial statements

**Consolidated Statement of Financial Position
31 January 2020**

	Notes	2020 £	£	2018 £	£
FIXED ASSETS					
Intangible assets	11		384,847		289,824
Tangible assets	12		16,956,461		16,444,576
Investments	13		-		-
Investment property	14		300,000		300,000
			<u>17,641,308</u>		<u>17,034,400</u>
CURRENT ASSETS					
Stocks	15	14,459,214		12,641,045	
Debtors	16	9,271,265		11,655,100	
Cash at bank and in hand		<u>5,015,900</u>		<u>3,699,997</u>	
		28,746,379		27,996,142	
CREDITORS					
Amounts falling due within one year	17	<u>8,284,233</u>		<u>10,756,943</u>	
NET CURRENT ASSETS			<u>20,462,146</u>		<u>17,239,199</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			38,103,454		34,273,599
CREDITORS					
Amounts falling due after more than one year	18		(3,749,117)		(2,033,757)
PROVISIONS FOR LIABILITIES	23		<u>(20,454)</u>		<u>-</u>
NET ASSETS			<u><u>34,333,883</u></u>		<u><u>32,239,842</u></u>
CAPITAL AND RESERVES					
Called up share capital	24		91,000		91,000
Treasury stock	25		(3,100,000)		(3,100,000)
Non distributable reserves	25		107,367		107,367
Retained earnings	25		<u>37,235,516</u>		<u>35,141,475</u>
SHAREHOLDERS' FUNDS			<u><u>34,333,883</u></u>		<u><u>32,239,842</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 6 July 2020 and were signed on its behalf by:

Mr F W Klucznik - Director

**Company Statement of Financial Position
31 January 2020**

	Notes	2020 £	£	2018 £	£
FIXED ASSETS					
Intangible assets	11		316,957		212,928
Tangible assets	12		16,956,462		16,444,577
Investments	13		285,592		285,592
Investment property	14		<u>300,000</u>		<u>300,000</u>
			17,859,011		17,243,097
CURRENT ASSETS					
Stocks	15	14,459,214		12,641,045	
Debtors	16	10,273,737		12,345,641	
Cash at bank and in hand		<u>3,735,075</u>		<u>2,690,853</u>	
		28,468,026		27,677,539	
CREDITORS					
Amounts falling due within one year	17	<u>8,210,341</u>		<u>10,640,361</u>	
NET CURRENT ASSETS			<u>20,257,685</u>		<u>17,037,178</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			38,116,696		34,280,275
CREDITORS					
Amounts falling due after more than one year	18		(3,749,117)		(2,033,757)
PROVISIONS FOR LIABILITIES	23		<u>(20,454)</u>		<u>-</u>
NET ASSETS			<u><u>34,347,125</u></u>		<u><u>32,246,518</u></u>
CAPITAL AND RESERVES					
Called up share capital	24		91,000		91,000
Treasury stock	25		(3,100,000)		(3,100,000)
Non distributable reserves	25		107,367		107,367
Retained earnings	25		<u>37,248,758</u>		<u>35,148,151</u>
SHAREHOLDERS' FUNDS			<u><u>34,347,125</u></u>		<u><u>32,246,518</u></u>
Company's profit for the financial year			<u><u>2,100,607</u></u>		<u><u>2,826,546</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 6 July 2020 and were signed on its behalf by:

Mr F W Klucznik - Director

**Consolidated Statement of Changes in Equity
For The Period 1 October 2018 to 31 January 2020**

	Called up share capital £	Retained earnings £	Treasury stock £	Non distributable reserves £	Total equity £
Balance at 1 October 2017	91,000	32,317,907	-	107,367	32,516,274
Changes in equity					
Total comprehensive income	-	2,823,568	-	-	2,823,568
Repurchase of own shares	-	-	(3,100,000)	-	(3,100,000)
Balance at 30 September 2018	91,000	35,141,475	(3,100,000)	107,367	32,239,842
Changes in equity					
Total comprehensive income	-	2,094,041	-	-	2,094,041
Balance at 31 January 2020	91,000	37,235,516	(3,100,000)	107,367	34,333,883

**Company Statement of Changes in Equity
For The Period 1 October 2018 to 31 January 2020**

	Called up share capital £	Retained earnings £	Treasury stock £	Non distributable reserves £	Total equity £
Balance at 1 October 2017	91,000	32,321,605	-	107,367	32,519,972
Changes in equity					
Total comprehensive income	-	2,826,546	-	-	2,826,546
Repurchase of own shares	-	-	(3,100,000)	-	(3,100,000)
Balance at 30 September 2018	91,000	35,148,151	(3,100,000)	107,367	32,246,518
Changes in equity					
Total comprehensive income	-	2,100,607	-	-	2,100,607
Balance at 31 January 2020	91,000	37,248,758	(3,100,000)	107,367	34,347,125

Consolidated Statement of Cash Flows
For The Period 1 October 2018 to 31 January 2020

	Notes	Period 1.10.18 to 31.1.20 £	Year Ended 30.9.18 £
Cash flows from operating activities			
Cash generated from operations	1	2,863,110	3,461,167
Interest paid		(91,805)	(23,282)
Tax paid		(817,454)	(649,077)
Net cash from operating activities		<u>1,953,851</u>	<u>2,788,808</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(259,481)	(250,988)
Purchase of tangible fixed assets		(2,688,479)	(4,477,642)
Purchase of investment property		-	(116,500)
Sale of tangible fixed assets		104,393	170,219
Interest received		16,823	11,880
Net cash from investing activities		<u>(2,826,744)</u>	<u>(4,663,031)</u>
Cash flows from financing activities			
New loans in year		3,660,943	2,952,952
Loan repayments in year		(149,611)	(312,681)
Capital repayments in year		(1,322,536)	(493,101)
Share buyback		-	(3,100,000)
Net cash from financing activities		<u>2,188,796</u>	<u>(952,830)</u>
Increase/(decrease) in cash and cash equivalents		<u>1,315,903</u>	<u>(2,827,053)</u>
Cash and cash equivalents at beginning of period	2	3,699,997	6,527,050
Cash and cash equivalents at end of period	2	<u><u>5,015,900</u></u>	<u><u>3,699,997</u></u>

The notes form part of these financial statements

**Notes to the Consolidated Statement of Cash Flows
For The Period 1 October 2018 to 31 January 2020**

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

	Period 1.10.18 to 31.1.20 £	Year Ended 30.9.18 £
Profit before taxation	2,565,154	3,451,393
Depreciation charges	2,266,785	1,581,471
Profit on disposal of fixed assets	(30,126)	(53,387)
Finance costs	91,805	23,282
Finance income	(16,823)	(11,880)
	<u>4,876,795</u>	<u>4,990,879</u>
Increase in stocks	(1,818,169)	(1,782,436)
Decrease/(increase) in trade and other debtors	2,472,365	(1,786,187)
(Decrease)/increase in trade and other creditors	(2,667,881)	2,038,911
Cash generated from operations	<u><u>2,863,110</u></u>	<u><u>3,461,167</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Period ended 31 January 2020

	31.1.20 £	1.10.18 £
Cash and cash equivalents	<u><u>5,015,900</u></u>	<u><u>3,699,997</u></u>

Year ended 30 September 2018

	30.9.18 £	1.10.17 £
Cash and cash equivalents	<u><u>3,699,997</u></u>	<u><u>6,527,050</u></u>

**Notes to the Consolidated Financial Statements
For The Period 1 October 2018 to 31 January 2020**

1. STATUTORY INFORMATION

F.Klucznik And Son Limited is a private company, limited by shares , registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

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 explained in the strategic report the global Coronavirus pandemic led to the temporary shutdown of the group's business operations in order to safeguards the health of employees and their families. Due to the group's strong cash reserves with over £5 million in the bank at the balance sheet date and the short term use of the government's job retention scheme the business still remains in a stable position.

Business activities have begun to increase and are expected to be back up to pre-pandemic levels by the end of the calendar year. Therefore the directors therefore consider it appropriate to prepare the financial statements on the going concern basis.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary

undertakings drawn up to 30 September 2018.

Subsidiary undertakings are included using the acquisitions method of accounting. Under this method the group

profit and loss account and statement of cashflows include the results and cashflows of subsidiaries from the date

of acquisition and to the date of sale outside the group in the case of disposals of subsidiaries. The purchase

consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006.

Significant judgements and estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires

the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and

disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of

revenues and expenses during the reporting period. Actual results in the future could differ from those estimates.

In this regard, the directors believe that the critical accounting policies where judgements or estimations are

necessarily applied are summarised below:

Intangible assets and residual values

The Directors have reviewed the asset lives and associated residual values of goodwill, and in particular, the

useful economic life and residual value and have concluded that asset lives and residual values are appropriate.

Depreciation and residual values

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values and has concluded that asset lives and residual values are appropriate.

Work in Progress

The key judgements and estimates in determining the value of work in progress are labour rates and raw material costs.

These assessments include a degree of uncertainty and therefore if these judgements change, amendments to work in progress may be necessary. Page 16

continued...

**Notes to the Consolidated Financial Statements - continued
For The Period 1 October 2018 to 31 January 2020**

2. ACCOUNTING POLICIES - continued

Turnover

Turnover represents amounts chargeable, net of value added tax and trade discounts, in respect of the sale of goods and services to customers. Revenue is recognised when goods are delivered and legal title is transferred.

Goodwill

Goodwill arises on the acquisition of subsidiaries, when the aggregate of the fair value of the consideration transferred exceeds the amounts of the identifiable assets and liabilities acquired.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Amortisation

Impairment testing is undertaken annually to ensure that the value of goodwill is correctly stated.

Asset class

Goodwill

Amortisation method and rate

20 years straight line

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are being amortised evenly over their estimated useful economic life of 10 years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Plant and machinery	- 15% on cost and 10% on cost
Fixtures and fittings	- 33% on cost, 15% on cost and 10% on cost
Motor vehicles	- 25% on reducing balance

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.

Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, 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 statement of financial position date.

**Notes to the Consolidated Financial Statements - continued
For The Period 1 October 2018 to 31 January 2020**

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position 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 period 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.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position 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

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

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet as tangible fixed assets and are depreciated over their useful economic lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayment outstanding. Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over their useful economic lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

Pension costs and other post-retirement benefits

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

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

**Notes to the Consolidated Financial Statements - continued
For The Period 1 October 2018 to 31 January 2020**

2. ACCOUNTING POLICIES - continued

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Group are as follows:

(a) Trade receivables and trade payables

Trade receivables do not carry interest and are stated at their initial fair value reduced by appropriate allowances for estimated irrecoverable amounts.

Trade payables on normal terms are not interest bearing and are stated at their nominal value.

(b) Cash and cash equivalents

Bank overdrafts are included within financial liabilities in current liabilities in the balance sheet.

(c) Bank and other borrowings

Interest-bearing bank and other borrowings are recorded at the fair value of the proceeds received. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

(d) Derivative financial instruments

The group uses forward contracts and commodity swaps to reduce exposure to variability in cash flows from an unfavourable change in the cost of certain materials.

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 and loss in finance costs or income as appropriate.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	Period 1.10.18 to 31.1.20 £	Year Ended 30.9.18 £
United Kingdom	63,161,837	47,411,720
Outside of UK	1,568,567	2,841,199
	<u>64,730,404</u>	<u>50,252,919</u>

**Notes to the Consolidated Financial Statements - continued
For The Period 1 October 2018 to 31 January 2020**

4. EMPLOYEES AND DIRECTORS

	Period 1.10.18 to 31.1.20 £	Year Ended 30.9.18 £
Wages and salaries	17,480,368	13,571,872
Social security costs	1,596,292	1,328,599
Other pension costs	1,655,542	1,015,210
	<u>20,732,202</u>	<u>15,915,681</u>

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

	Period 1.10.18 to 31.1.20	Year Ended 30.9.18
Administration and support	146	152
Production	340	325
Other departments	7	7
	<u>493</u>	<u>484</u>

Key Personnel:

	2020 £	2018 £
Key personnel's remuneration	1,340,611	1,300,000
Key personnel's pension contributions	<u>-</u>	<u>-</u>

Key Management Personnel consists of the Chairman and the Managing Director.

5. DIRECTORS' EMOLUMENTS

	2020 £	2018 £
Directors' remuneration	2,371,088	2,643,831
Directors' pension contributions to money purchase schemes	<u>44,583</u>	<u>32,361</u>

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

Money purchase schemes	<u>3</u>	<u>3</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2020 £	2018 £
Remuneration	908,889	825,000
Company contributions to money purchase pension schemes	<u>-</u>	<u>-</u>

**Notes to the Consolidated Financial Statements - continued
For The Period 1 October 2018 to 31 January 2020**

6. OPERATING PROFIT

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

	Period 1.10.18 to 31.1.20 £	Year Ended 30.9.18 £
Hire of plant and machinery	339,999	377,633
Depreciation - owned assets	2,102,327	1,526,521
Profit on disposal of fixed assets	(30,126)	(53,387)
Goodwill amortisation	9,006	6,754
Patents and licences amortisation	155,452	48,196
Auditors' remuneration	25,750	17,500
Auditors' remuneration for non audit work	38,665	56,416
Foreign exchange differences	<u>(51,345)</u>	<u>(6,761)</u>

£22,500 (2018: £15,000) of the fee for auditing the financial statements relates to the company.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period 1.10.18 to 31.1.20 £	Year Ended 30.9.18 £
Deposit account interest	16,606	11,473
Other interest received	<u>217</u>	<u>407</u>
	<u><u>16,823</u></u>	<u><u>11,880</u></u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 1.10.18 to 31.1.20 £	Year Ended 30.9.18 £
Bank interest payable	30,002	2,436
Hire purchase interest	<u>61,803</u>	<u>20,846</u>
	<u><u>91,805</u></u>	<u><u>23,282</u></u>

Notes to the Consolidated Financial Statements - continued
For The Period 1 October 2018 to 31 January 2020

9. TAXATION**Analysis of the tax charge**

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

	Period 1.10.18 to 31.1.20 £	Year Ended 30.9.18 £
Current tax:		
UK corporation tax	446,913	615,266
Deferred tax	<u>24,200</u>	<u>12,559</u>
Tax on profit	<u><u>471,113</u></u>	<u><u>627,825</u></u>

UK corporation tax has been charged at 19% .

Reconciliation of total tax charge included in profit and loss

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

	Period 1.10.18 to 31.1.20 £	Year Ended 30.9.18 £
Profit before tax	<u><u>2,565,154</u></u>	<u><u>3,451,393</u></u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	487,379	655,765
Effects of:		
Expenses not deductible for tax purposes	14,071	17,791
Depreciation on ineligible assets	38,530	30,832
Research & development prior year	(83,156)	(77,846)
Adjustments on consolidation	1,712	1,283
Capital expenses	<u>12,577</u>	<u>-</u>
Total tax charge	<u><u>471,113</u></u>	<u><u>627,825</u></u>

10. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

Notes to the Consolidated Financial Statements - continued
For The Period 1 October 2018 to 31 January 2020

11. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Patents and licences £	Totals £
COST			
At 1 October 2018	135,082	262,337	397,419
Additions	-	259,481	259,481
At 31 January 2020	<u>135,082</u>	<u>521,818</u>	<u>656,900</u>
AMORTISATION			
At 1 October 2018	58,186	49,409	107,595
Amortisation for period	9,006	155,452	164,458
At 31 January 2020	<u>67,192</u>	<u>204,861</u>	<u>272,053</u>
NET BOOK VALUE			
At 31 January 2020	<u>67,890</u>	<u>316,957</u>	<u>384,847</u>
At 30 September 2018	<u>76,896</u>	<u>212,928</u>	<u>289,824</u>

Company

	Patents and licences £
COST	
At 1 October 2018	262,337
Additions	259,481
At 31 January 2020	<u>521,818</u>
AMORTISATION	
At 1 October 2018	49,409
Amortisation for period	155,452
At 31 January 2020	<u>204,861</u>
NET BOOK VALUE	
At 31 January 2020	<u>316,957</u>
At 30 September 2018	<u>212,928</u>

Notes to the Consolidated Financial Statements - continued
For The Period 1 October 2018 to 31 January 2020

12. TANGIBLE FIXED ASSETS**Group**

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 October 2018	11,504,334	11,896,558	932,575	3,528,844	27,862,311
Additions	1,656,522	615,454	3,175	413,328	2,688,479
Disposals	-	(9,500)	-	(372,046)	(381,546)
At 31 January 2020	<u>13,160,856</u>	<u>12,502,512</u>	<u>935,750</u>	<u>3,570,126</u>	<u>30,169,244</u>
DEPRECIATION					
At 1 October 2018	607,200	8,204,589	650,141	1,955,805	11,417,735
Charge for period	202,400	1,200,898	101,680	597,349	2,102,327
Eliminated on disposal	-	(7,481)	-	(299,798)	(307,279)
At 31 January 2020	<u>809,600</u>	<u>9,398,006</u>	<u>751,821</u>	<u>2,253,356</u>	<u>13,212,783</u>
NET BOOK VALUE					
At 31 January 2020	<u>12,351,256</u>	<u>3,104,506</u>	<u>183,929</u>	<u>1,316,770</u>	<u>16,956,461</u>
At 30 September 2018	<u>10,897,134</u>	<u>3,691,969</u>	<u>282,434</u>	<u>1,573,039</u>	<u>16,444,576</u>

Leased assets

Included within the net book value of tangible fixed assets is £3,301,388 (2018: £2,938,610) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the period on these assets was £909,168 (2018: £340,320).

Company

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 October 2018	11,504,334	11,896,559	932,575	3,528,844	27,862,312
Additions	1,656,522	615,454	3,175	413,328	2,688,479
Disposals	-	(9,500)	-	(372,046)	(381,546)
At 31 January 2020	<u>13,160,856</u>	<u>12,502,513</u>	<u>935,750</u>	<u>3,570,126</u>	<u>30,169,245</u>
DEPRECIATION					
At 1 October 2018	607,200	8,204,589	650,141	1,955,805	11,417,735
Charge for period	202,400	1,200,898	101,680	597,349	2,102,327
Eliminated on disposal	-	(7,481)	-	(299,798)	(307,279)
At 31 January 2020	<u>809,600</u>	<u>9,398,006</u>	<u>751,821</u>	<u>2,253,356</u>	<u>13,212,783</u>
NET BOOK VALUE					
At 31 January 2020	<u>12,351,256</u>	<u>3,104,507</u>	<u>183,929</u>	<u>1,316,770</u>	<u>16,956,462</u>
At 30 September 2018	<u>10,897,134</u>	<u>3,691,970</u>	<u>282,434</u>	<u>1,573,039</u>	<u>16,444,577</u>

Notes to the Consolidated Financial Statements - continued
For The Period 1 October 2018 to 31 January 2020

12. TANGIBLE FIXED ASSETS - continued**Company****Leased assets**

Included within the net book value of tangible fixed assets is £3,301,388 (2018: £2,938,610) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the period on these assets was £909,168 (2018: £340,320).

13. FIXED ASSET INVESTMENTS**Company**

Shares in
group
undertakings
£

COST

At 1 October 2018
and 31 January 2020

285,592

NET BOOK VALUE

At 31 January 2020

285,592

At 30 September 2018

285,592

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiary**Centrewire Limited**

Registered office:

Nature of business: Gate manufacturers

Class of shares:

Ordinary

%
holding
100.00

14. INVESTMENT PROPERTY**Group**

Total
£

FAIR VALUE

At 1 October 2018
and 31 January 2020

300,000

NET BOOK VALUE

At 31 January 2020

300,000

At 30 September 2018

300,000

Notes to the Consolidated Financial Statements - continued
For The Period 1 October 2018 to 31 January 2020

14. **INVESTMENT PROPERTY - continued**

Company

Total
£

FAIR VALUE

At 1 October 2018
and 31 January 2020

300,000

NET BOOK VALUE

At 31 January 2020
At 30 September 2018

300,000

300,000

15. **STOCKS**

	Group		Company	
	2020	2018	2020	2018
	£	£	£	£
Raw materials	5,958,230	6,280,280	5,958,230	6,280,280
Work-in-progress	349,999	384,473	349,999	384,473
Finished goods	8,150,985	5,976,292	8,150,985	5,976,292
	<u>14,459,214</u>	<u>12,641,045</u>	<u>14,459,214</u>	<u>12,641,045</u>

There are no write-downs or reversal of write-downs of stocks in 2019 or 2018.

16. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2020	2018	2020	2018
	£	£	£	£
Trade debtors	8,920,761	11,319,251	8,819,604	11,194,287
Amounts owed by group undertakings	-	-	1,065,505	815,505
Other debtors	93,942	1,755	153,195	1,755
Derivative financial assets	9,014	66,945	9,014	66,945
Deferred tax asset	-	3,745	-	3,745
Prepayments and accrued income	247,548	263,404	226,419	263,404
	<u>9,271,265</u>	<u>11,655,100</u>	<u>10,273,737</u>	<u>12,345,641</u>

Deferred tax asset

	Group		Company	
	2020	2018	2020	2018
	£	£	£	£
Deferred tax	<u>-</u>	<u>3,745</u>	<u>-</u>	<u>3,745</u>

Notes to the Consolidated Financial Statements - continued
For The Period 1 October 2018 to 31 January 2020

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2018	2020	2018
	£	£	£	£
Bank loans and overdrafts (see note 19)	366,343	-	366,343	-
Hire purchase contracts (see note 20)	1,039,175	932,081	1,039,175	932,081
Trade creditors	5,064,605	6,770,983	5,023,438	6,741,025
Tax	-	278,266	-	210,529
Social security and other taxes	320,171	307,682	320,171	307,682
VAT	290,405	509,145	266,180	496,638
Other creditors	13,582	58,875	8,332	54,995
Accrued expenses	1,189,952	1,899,911	1,186,702	1,897,411
	<u>8,284,233</u>	<u>10,756,943</u>	<u>8,210,341</u>	<u>10,640,361</u>

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

	Group		Company	
	2020	2018	2020	2018
	£	£	£	£
Bank loans (see note 19)	2,234,047	-	2,234,047	-
Hire purchase contracts (see note 20)	1,515,070	2,033,757	1,515,070	2,033,757
	<u>3,749,117</u>	<u>2,033,757</u>	<u>3,749,117</u>	<u>2,033,757</u>

19. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2020	2018	2020	2018
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>366,343</u>	<u>-</u>	<u>366,343</u>	<u>-</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>1,566,709</u>	<u>-</u>	<u>1,566,709</u>	<u>-</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more 5 years	<u>667,338</u>	<u>-</u>	<u>667,338</u>	<u>-</u>

**Notes to the Consolidated Financial Statements - continued
For The Period 1 October 2018 to 31 January 2020**

20. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2020	2018
	£	£
Net obligations repayable:		
Within one year	1,039,175	932,081
Between one and five years	<u>1,515,070</u>	<u>2,033,757</u>
	<u><u>2,554,245</u></u>	<u><u>2,965,838</u></u>

Company

	Hire purchase contracts	
	2020	2018
	£	£
Net obligations repayable:		
Within one year	1,039,175	932,081
Between one and five years	<u>1,515,070</u>	<u>2,033,757</u>
	<u><u>2,554,245</u></u>	<u><u>2,965,838</u></u>

Group

	Non-cancellable operating leases	
	2020	2018
	£	£
Within one year	124,488	225,454
Between one and five years	<u>38,616</u>	<u>229,535</u>
	<u><u>163,104</u></u>	<u><u>454,989</u></u>

Company

	Non-cancellable operating leases	
	2020	2018
	£	£
Within one year	124,488	225,454
Between one and five years	<u>38,616</u>	<u>229,535</u>
	<u><u>163,104</u></u>	<u><u>454,989</u></u>

**Notes to the Consolidated Financial Statements - continued
For The Period 1 October 2018 to 31 January 2020**

21. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2020	2018	2020	2018
	£	£	£	£
Bank loans	2,600,390	-	2,600,390	-
Hire purchase contracts	2,554,245	2,965,838	2,554,245	2,965,838
	<u>5,154,635</u>	<u>2,965,838</u>	<u>5,154,635</u>	<u>2,965,838</u>

The bank loan is secured by way of a mortgage debenture including a fixed charge over all present freehold and leasehold property; first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and first floating charge over all assets and undertaking both present and future dated 28 February 2012. The hire purchase creditors are secured directly over the assets financed. There is also a guarantee to the bank dated 21st March 2012 in favour of HM revenue & Customs for £100,000.

Overdraft and loan facilities are also secured by an intercompany cross guarantee from Centrewire Limited, supported by a charge over assets owned by Centrewire Limited.

22. FINANCIAL INSTRUMENTS

The Group's financial instruments may be analysed as follows:

	2020	2018
	£	£
Financial assets measured at amortised cost:		
Trade debtors	8,920,761	11,319,251
Cash and cash equivalent	<u>5,015,900</u>	<u>3,699,997</u>
Financial liabilities measured at amortised cost:		
Bank loans and overdrafts	2,600,390	-
Hire purchase contracts	2,554,245	2,965,838
Trade creditors	<u>5,064,983</u>	<u>6,770,983</u>

Financial liabilities measured at fair value through profit or loss:

	2020	2018
	£	£
Derivative contracts	<u>9,014</u>	<u>66,945</u>

The group uses derivative arrangements in the form of a commodity swap to mitigate the cash flow risk in relation to an unfavourable change in the cost of diesel. At 31 January 2020, the outstanding contract matures within 7 months (2018: 16 months) of the year end. The group is committed to buy 50,000 litres of diesel at a fixed price of 35.1p (2018: 50,000 litres at a fixed price of 36.7p)

The contract is measured at fair value using quoted spot rates.

**Notes to the Consolidated Financial Statements - continued
For The Period 1 October 2018 to 31 January 2020**

23. PROVISIONS FOR LIABILITIES

	Group		Company	
	2020	2018	2020	2018
	£	£	£	£
Deferred tax	<u>20,454</u>	<u>-</u>	<u>20,454</u>	<u>-</u>
Group				
				Deferred tax
				£
Balance at 1 October 2018				(3,745)
Accelerated capital allowances				<u>24,199</u>
Balance at 31 January 2020				<u>20,454</u>
Company				
				Deferred tax
				£
Balance at 1 October 2018				(3,745)
Accelerated capital allowances				<u>24,199</u>
Balance at 31 January 2020				<u>20,454</u>

As at 31 January 2020 a deferred tax liability of £20,454 (2018: £3,745 Debtor) has been recognised due to the reasonable expectation of tax due in future periods in respect of taxable temporary differences.

There is no unrecognised deferred tax.

The main rate of corporation tax is 19%.

Deferred tax balances at the balance sheet date have been calculated using a rate of 19%, on the basis that this rate had been substantively enacted at the balance sheet date.

24. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2020	2018
			£	£
91,000	Ordinary	1	<u>91,000</u>	<u>91,000</u>

**Notes to the Consolidated Financial Statements - continued
For The Period 1 October 2018 to 31 January 2020**

25. RESERVES

Group

	Retained earnings £	Treasury stock £	Non distributable reserves £	Totals £
At 1 October 2018	35,141,475	(3,100,000)	107,367	32,148,842
Profit for the period	2,094,041			2,094,041
At 31 January 2020	<u>37,235,516</u>	<u>(3,100,000)</u>	<u>107,367</u>	<u>34,242,883</u>

Company

	Retained earnings £	Treasury stock £	Non distributable reserves £	Totals £
At 1 October 2018	35,148,151	(3,100,000)	107,367	32,155,518
Profit for the period	2,100,607			2,100,607
At 31 January 2020	<u>37,248,758</u>	<u>(3,100,000)</u>	<u>107,367</u>	<u>34,256,125</u>

26. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £1,700,124 (2018: £1,047,571).

Contributions totalling £90,000 (2018: £88,000) were payable to the scheme at the end of the period and are included in creditors.

27. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

28. ULTIMATE CONTROLLING PARTY

The controlling party is Mr D Klucznik, Mr F W Klucznik & Mrs K E Klucznik-Knowles