

**Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31 March 2020
for
Newfield Fabrications Company Limited**

**Contents of the Financial Statements
for the Year Ended 31 March 2020**

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Newfield Fabrications Company Limited

Company Information for the Year Ended 31 March 2020

DIRECTORS:

J Fowler
J Dudley-Toole
P R Morgan

REGISTERED OFFICE:

Hall Lane
Elton
Sandbach
Cheshire
CW11 3TU

REGISTERED NUMBER:

00834173 (England and Wales)

AUDITORS:

Thompson Wright Limited
Chartered Accountants
and Statutory Auditors
Ebenezer House
Ryecroft
Newcastle under Lyme
Staffordshire
ST5 2BE

**Strategic Report
for the Year Ended 31 March 2020**

The directors present their strategic report for the year ended 31 March 2020.

REVIEW OF BUSINESS

The Directors have taken a long term view in the building of a successful business and invested heavily in new equipment in the year to March 2020 in order to differentiate itself from its competitors whilst increasing both the capacity and competitiveness of the business.

Over £2m was invested in the period and significant items acquired include an automated press (Trumpf TruBend 5230 and Bendmaster 150) and an additional automated laser (Trumpf TruLaser 5030 Fibre and TruStore 3030).

The installation and commissioning of these machines over the six month period from August 2019 to January 2020 caused significant disruption to the business, and is responsible for the year on year decline in both turnover and profitability of the business. With in excess of 25% of the factory inaccessible or unavailable for production the capacity was greatly reduced causing a decline in efficiency.

However, with Covid-19 having a negative impact on many manufacturing businesses, it is pleasing to note that turnover in the period to the end of August 2020 remains in-line with, and net profits are in excess of, those achieved in the previous 2 years.

The new equipment has been instrumental in winning some significant contracts with new customers supplying both the public sector (manufacturing beds for the Nightingale hospitals) and in the private sector (manufacturing hand sanitiser machines).

The business continues to invest at a similar level to prior years in Research and Development to further improve the product and process offerings.

Due to performance issues in the period to year end March 2020, Newfield have also restructured the Senior Management team, Ownership and Funding Structure. This Structure has aligned roles and responsibilities across the business with the companies long term objectives and aspirations.

As in previous years, the directors monitor the performance of the company through monthly management accounts and sales reports together with the monitoring of bank balances and ability to meet its future liabilities.

Key performance indicators are gross margin, stock turnover, debtors days and operating profit which can be calculated from the financial statements.

**Strategic Report
for the Year Ended 31 March 2020**

PRINCIPAL RISKS AND UNCERTAINTIES

The directors have identified the key risks faced by the company to be market risk, financial risk, credit risk and exchange rate risk.

The directors are constantly monitoring both the quality and price of the products it acquires and the range of goods it supplies, to minimise the market risk.

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The company's policy throughout the year has been to maintain liquid funds at the bank and avoid incurring overdraft interest whilst also funding the repayment of finance lease and loan obligations.

To achieve short term flexibility, the company operates an invoice discounting facility and hire purchase facilities, which means that it is exposed to interest rate risk.

Where the company has had to undertake short term borrowings, the company's exposure to interest rate fluctuations on its borrowings is managed by the use of fixed and floating facilities. It is the company's policy to minimise the amount of borrowings at floating rates of interest.

The maturity of borrowings is set out in note 15 to the financial statements.

The principal credit risk arises from its trade debtors.

In order to manage credit risk, the directors set limits for its customers based on a combination of payment history and third party credit references. Where available credit insurance is also taken out. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

During 2019/20, credit risk exposure was spread over a large number of customers.

FUTURE DEVELOPMENTS

Looking to the future, the directors want to maintain appropriate investment levels in the company to maintain and secure the company's position in the market. The directors closely monitor the market place to ensure that the company can deliver the best products at the best prices.

ON BEHALF OF THE BOARD:

J Fowler - Director

30 September 2020

**Report of the Directors
for the Year Ended 31 March 2020**

The directors present their report with the financial statements of the company for the year ended 31 March 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of steel fabricators.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2020.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

J Fowler
J Dudley-Toole
P R Morgan

DISCLOSURE IN THE STRATEGIC REPORT

Future developments and principal risks and uncertainties are disclosed in the strategic report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

**Report of the Directors
for the Year Ended 31 March 2020**

AUDITORS

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

ON BEHALF OF THE BOARD:

J Fowler - Director

30 September 2020

Report of the Independent Auditors to the Members of Newfield Fabrications Company Limited

Opinion

We have audited the financial statements of Newfield Fabrications Company Limited (the 'company') for the year ended 31 March 2020 which comprise the Profit and loss account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law.

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

Conclusions relating to going concern

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.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Newfield Fabrications Company Limited

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

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.

and Statutory Auditors
Ebenezer House
Ryecroft
Newcastle under Lyme
Staffordshire
ST5 2BE

30 September 2020

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**Profit and loss account
for the Year Ended 31 March 2020**

| | Notes | 2020 £ | 2019 £ |
|---------------------------------------------|-------|-------------------------|-----------------------|
| TURNOVER | 3 | 7,961,812 | 9,638,603 |
| Cost of sales | | <u>5,665,885</u> | <u>6,437,418</u> |
| GROSS PROFIT | | <u>2,295,927</u> | <u>3,201,185</u> |
| Administrative expenses | | <u>3,049,538</u> | <u>2,999,907</u> |
| OPERATING (LOSS)/PROFIT | 5 | <u>(753,611)</u> | <u>201,278</u> |
| Interest receivable and similar income | | <u>47</u> | <u>329</u> |
| | | <u>(753,564)</u> | <u>201,607</u> |
| Interest payable and similar expenses | 6 | 331,332 | 405,376 |
| LOSS BEFORE TAXATION | | <u>(1,084,896)</u> | <u>(203,769)</u> |
| Tax on loss | 7 | <u>(480,816)</u> | <u>(541,313)</u> |
| (LOSS)/PROFIT FOR THE FINANCIAL YEAR | | <u><u>(604,080)</u></u> | <u><u>337,544</u></u> |

**Other Comprehensive Income
for the Year Ended 31 March 2020**

| Notes | 2020 £ | 2019 £ |
|--------------------------------------------------------|-------------------------|-----------------------|
| (LOSS)/PROFIT FOR THE YEAR | (604,080) | 337,544 |
| OTHER COMPREHENSIVE INCOME | <u>-</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u><u>(604,080)</u></u> | <u><u>337,544</u></u> |

Newfield Fabrications Company Limited (Registered number: 00834173)**Balance Sheet
31 March 2020**

| | Notes | 2020 | | 2019 | |
|----------------------------------------------|-------|------------------|------------------|------------------|------------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Intangible assets | 8 | | 33,369 | | 46,102 |
| Tangible assets | 9 | | 5,354,231 | | 3,533,777 |
| Investments | 10 | | <u>5,001</u> | | <u>5,001</u> |
| | | | <u>5,392,601</u> | | <u>3,584,880</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 11 | 628,305 | | 774,396 | |
| Debtors | 12 | 7,339,766 | | 7,557,454 | |
| Cash at bank and in hand | | <u>154,817</u> | | <u>989,304</u> | |
| | | <u>8,122,888</u> | | <u>9,321,154</u> | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 13 | <u>4,158,015</u> | | <u>3,984,903</u> | |
| NET CURRENT ASSETS | | | <u>3,964,873</u> | | <u>5,336,251</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>9,357,474</u> | | <u>8,921,131</u> |
| CREDITORS | | | | | |
| Amounts falling due after more than one year | 14 | | (3,433,557) | | (2,393,134) |
| PROVISIONS FOR LIABILITIES | 19 | | <u>(155,288)</u> | | <u>(155,288)</u> |
| NET ASSETS | | | <u>5,768,629</u> | | <u>6,372,709</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 20 | | 2,600 | | 2,600 |
| Retained earnings | 21 | | <u>5,766,029</u> | | <u>6,370,109</u> |
| SHAREHOLDERS' FUNDS | | | <u>5,768,629</u> | | <u>6,372,709</u> |

The financial statements were approved by the Board of Directors and authorised for issue on 30 September 2020 and were signed on its behalf by:

J Fowler - Director

**Statement of Changes in Equity
for the Year Ended 31 March 2020**

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|---------------------------------|------------------------------------|---------------------------|----------------------|
| Balance at 1 April 2018 | 2,600 | 6,032,565 | 6,035,165 |
| Changes in equity | | | |
| Total comprehensive income | - | 337,544 | 337,544 |
| Balance at 31 March 2019 | <u>2,600</u> | <u>6,370,109</u> | <u>6,372,709</u> |
| Changes in equity | | | |
| Total comprehensive income | - | (604,080) | (604,080) |
| Balance at 31 March 2020 | <u>2,600</u> | <u>5,766,029</u> | <u>5,768,629</u> |

**Notes to the Financial Statements
for the Year Ended 31 March 2020**

1. STATUTORY INFORMATION

Newfield Fabrications Company 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 Company 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.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being the 12 month period from the date of these accounts being approved, given the impact of the Coronavirus upon the economy and therefore the financial statements have been prepared on a going concern basis.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Preparation of consolidated financial statements

The financial statements contain information about Newfield Fabrications Company Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Henbury Engineering Limited, Hall Lane Works, Elton, Sandbach, Cheshire, CW11 3TU.

Related party exemption

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.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates

The company makes significant judgements and estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities are detailed below.

Impairment of debtors

Management makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the progress and stage reached of individual cases.

Stock provision

The company sells products which are subject to changing customer demands and product degradation. As a result it is necessary to consider the recoverability of the cost of stocks and the associated provisioning necessary. When calculating the stock provision, management considers the nature and condition of the stock as well as reviewing sales and purchase history.

Turnover

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

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

Intangible assets

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

Computer software - over 2 -15 years

Tangible fixed assets

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

| | |
|-----------------------|---------------------------------------------------------------|
| Freehold property | - 50 years |
| Plant and machinery | - over 3 to 12 years and related building items over 50 years |
| Fixtures and fittings | - over 2 to 10 years |
| Motor vehicles | - over 4 to 5 years |

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stocks

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

Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. continued...

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

2. ACCOUNTING POLICIES - continued

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

Foreign currencies

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

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

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

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

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

Pension costs and other post-retirement benefits

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

3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

| | 2020 | 2019 |
|-------------------|------------------|------------------|
| | £ | £ |
| United Kingdom | 7,466,037 | 9,027,394 |
| Europe | 219,626 | 411,294 |
| Rest of the world | 276,149 | 199,915 |
| | <u>7,961,812</u> | <u>9,638,603</u> |

4. EMPLOYEES AND DIRECTORS

| | 2020 | 2019 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 3,664,134 | 3,789,448 |
| Social security costs | 334,876 | 367,259 |
| Other pension costs | 80,700 | 52,280 |
| | <u>4,079,710</u> | <u>4,208,987</u> |

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

| | 2020 | 2019 |
|-----------------------------|------------|------------|
| Management and office staff | 27 | 39 |
| Manufacturing staff | 76 | 113 |
| | <u>103</u> | <u>152</u> |

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

4. EMPLOYEES AND DIRECTORS - continued

| | 2020 | 2019 |
|------------------------------------------------------------|--------------|----------|
| | £ | £ |
| Directors' remuneration | 75,687 | 97,187 |
| Directors' pension contributions to money purchase schemes | <u>1,063</u> | <u>-</u> |

5. OPERATING (LOSS)/PROFIT

The operating loss (2019 - operating profit) is stated after charging/(crediting):

| | 2020 | 2019 |
|--------------------------------------------------|--------------|----------------|
| | £ | £ |
| Hire of plant and machinery | 23,835 | 22,143 |
| Depreciation - owned assets | 145,389 | 119,839 |
| Depreciation - assets on hire purchase contracts | 249,700 | 199,054 |
| Profit on disposal of fixed assets | - | (6,525) |
| Computer software amortisation | 12,733 | 12,735 |
| Auditors' remuneration | 13,351 | 11,953 |
| Foreign exchange differences | <u>(604)</u> | <u>(1,022)</u> |

6. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2020 | 2019 |
|---------------------------|----------------|----------------|
| | £ | £ |
| Bank loan interest | 60,474 | 89,857 |
| Factor charges & interest | 158,812 | 168,596 |
| Hire purchase | 110,596 | 126,606 |
| Arrangement fees | <u>1,450</u> | <u>20,317</u> |
| | <u>331,332</u> | <u>405,376</u> |

7. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

| | 2020 | 2019 |
|--------------------|------------------|------------------|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | (480,816) | (563,781) |
| Deferred tax | - | 22,468 |
| Tax on loss | <u>(480,816)</u> | <u>(541,313)</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

7. TAXATION - continued

Reconciliation of total tax credit included in profit and loss

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

| | 2020 £ | 2019 £ |
|------------------------------------------------------------------------------------------|--------------------|------------------|
| Loss before tax | <u>(1,084,896)</u> | <u>(203,769)</u> |
| Loss multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%) | (206,130) | (38,716) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 1,126 | 30 |
| Income not taxable for tax purposes | - | (4,650) |
| Adjustments to tax charge in respect of previous periods | (19,151) | (563,781) |
| Unutilised losses carried forward | 118,282 | 65,804 |
| Enhanced R&D deduction | (198,647) | - |
| Unprovided deferred taxation | <u>(176,296)</u> | - |
| Total tax credit | <u>(480,816)</u> | <u>(541,313)</u> |

8. INTANGIBLE FIXED ASSETS

COST

At 1 April 2019
and 31 March 2020

Computer
software
£

166,447

AMORTISATION

At 1 April 2019
Amortisation for year
At 31 March 2020

120,345
12,733
133,078

NET BOOK VALUE

At 31 March 2020
At 31 March 2019

33,369
46,102

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

9. TANGIBLE FIXED ASSETS

| | Freehold property £ | Plant and machinery £ | Fixtures and fittings £ | Motor vehicles £ | Totals £ |
|-----------------------|---------------------------|-----------------------------|----------------------------------|------------------------|-------------------|
| COST | | | | | |
| At 1 April 2019 | 2,972,780 | 4,937,109 | 787,679 | 22,622 | 8,720,190 |
| Additions | 241 | 2,191,418 | 23,884 | - | 2,215,543 |
| At 31 March 2020 | <u>2,973,021</u> | <u>7,128,527</u> | <u>811,563</u> | <u>22,622</u> | <u>10,935,733</u> |
| DEPRECIATION | | | | | |
| At 1 April 2019 | 775,952 | 3,731,047 | 656,797 | 22,617 | 5,186,413 |
| Charge for year | 49,753 | 302,544 | 42,790 | 2 | 395,089 |
| At 31 March 2020 | <u>825,705</u> | <u>4,033,591</u> | <u>699,587</u> | <u>22,619</u> | <u>5,581,502</u> |
| NET BOOK VALUE | | | | | |
| At 31 March 2020 | <u>2,147,316</u> | <u>3,094,936</u> | <u>111,976</u> | <u>3</u> | <u>5,354,231</u> |
| At 31 March 2019 | <u>2,196,828</u> | <u>1,206,062</u> | <u>130,882</u> | <u>5</u> | <u>3,533,777</u> |

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

| | Plant and machinery £ | Motor vehicles £ | Totals £ |
|-----------------------|-----------------------------|------------------------|------------------|
| COST | | | |
| At 1 April 2019 | 2,301,552 | 10,990 | 2,312,542 |
| Additions | 2,174,946 | - | 2,174,946 |
| At 31 March 2020 | <u>4,476,498</u> | <u>10,990</u> | <u>4,487,488</u> |
| DEPRECIATION | | | |
| At 1 April 2019 | 1,389,649 | 10,989 | 1,400,638 |
| Charge for year | 249,700 | - | 249,700 |
| At 31 March 2020 | <u>1,639,349</u> | <u>10,989</u> | <u>1,650,338</u> |
| NET BOOK VALUE | | | |
| At 31 March 2020 | <u>2,837,149</u> | <u>1</u> | <u>2,837,150</u> |
| At 31 March 2019 | <u>911,903</u> | <u>1</u> | <u>911,904</u> |

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

10. FIXED ASSET INVESTMENTS

Shares in
group
undertakings
£

COST

At 1 April 2019
and 31 March 2020

5,001

NET BOOK VALUE

At 31 March 2020

5,001

At 31 March 2019

5,001

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Crewe Stove Enamelling Company limited

Registered office: Hall Lane Works, Elton, Sandbach, Cheshire, CW11 3TU

Nature of business: Dormant

| | % | | |
|--------------------------------|---------|----------|----------|
| Class of shares: | holding | 2020 | 2019 |
| Ordinary | 100.00 | £ | £ |
| Aggregate capital and reserves | | <u>1</u> | <u>1</u> |

Newfield International Company Limited

Registered office: Hall Lane Works, Elton, Sandbach, Cheshire, CW11 3TU

Nature of business: Dormant

| | % | | |
|--------------------------------|---------|--------------|--------------|
| Class of shares: | holding | 2020 | 2019 |
| Ordinary | 100.00 | £ | £ |
| Aggregate capital and reserves | | <u>5,174</u> | <u>5,174</u> |

11. STOCKS

| | 2020 | 2019 |
|------------------|----------------|----------------|
| | £ | £ |
| Stocks | 462,192 | 558,658 |
| Work-in-progress | <u>166,113</u> | <u>215,738</u> |
| | <u>628,305</u> | <u>774,396</u> |

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2020 | 2019 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Trade debtors | 1,621,286 | 2,308,648 |
| Amounts owed by group undertakings | 4,628,635 | 4,628,635 |
| Other debtors | 16,129 | 11,872 |
| Tax | 1,044,597 | 563,781 |
| Prepayments | 29,119 | 44,518 |
| | <u>7,339,766</u> | <u>7,557,454</u> |

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2020 | 2019 |
|-----------------------------------------|------------------|------------------|
| | £ | £ |
| Bank loans and overdrafts (see note 15) | 188,890 | 185,755 |
| Other loans (see note 15) | 1,337,705 | 1,968,504 |
| Hire purchase contracts (see note 16) | 1,066,727 | 238,401 |
| Trade creditors | 768,495 | 1,121,138 |
| Amounts owed to group undertakings | 5,175 | 5,175 |
| Social security and other taxes | 612,752 | 333,260 |
| Other creditors | 160 | 229 |
| Accrued expenses | 178,111 | 132,441 |
| | <u>4,158,015</u> | <u>3,984,903</u> |

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

| | 2020 | 2019 |
|---------------------------------------|------------------|------------------|
| | £ | £ |
| Bank loans (see note 15) | 1,400,803 | 1,589,691 |
| Hire purchase contracts (see note 16) | 2,032,754 | 803,443 |
| | <u>3,433,557</u> | <u>2,393,134</u> |

15. LOANS

An analysis of the maturity of loans is given below:

| | 2020 | 2019 |
|---------------------------------------------------|------------------|------------------|
| | £ | £ |
| Amounts falling due within one year or on demand: | | |
| Bank loans | 188,890 | 185,755 |
| Invoice discounting facility | 1,337,705 | 1,968,504 |
| | <u>1,526,595</u> | <u>2,154,259</u> |
| Amounts falling due between one and two years: | | |
| Bank loans - 1-2 years | <u>95,360</u> | <u>188,889</u> |
| Amounts falling due between two and five years: | | |
| Bank loans - 2-5 years | <u>294,903</u> | <u>288,825</u> |

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

15. LOANS - continued

| | 2020 £ | 2019 £ |
|------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Amounts falling due in more than five years: Repayable by instalments Bank loans more 5 yr by instal | <u>1,010,540</u> | <u>1,111,977</u> |

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

| | Hire purchase contracts | |
|----------------------------|----------------------------|------------------|
| | 2020 £ | 2019 £ |
| Net obligations repayable: | | |
| Within one year | 1,066,727 | 238,401 |
| Between one and five years | 1,885,669 | 803,443 |
| In more than five years | 147,085 | - |
| | <u>3,099,481</u> | <u>1,041,844</u> |

| | Non-cancellable operating leases | |
|----------------------------|----------------------------------------|---------------|
| | 2020 £ | 2019 £ |
| Within one year | 7,063 | 1,690 |
| Between one and five years | - | 9,468 |
| In more than five years | <u>67,198</u> | <u>82,412</u> |
| | <u>74,261</u> | <u>93,570</u> |

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

17. SECURED DEBTS

The following secured debts are included within creditors:

| | 2020 £ | 2019 £ |
|------------------------------|-------------------------|-------------------------|
| Bank loans | 1,589,693 | 1,775,446 |
| Invoice discounting facility | 1,337,705 | 1,968,504 |
| Hire purchase contracts | <u>3,099,481</u> | <u>1,041,844</u> |
| | <u><u>6,026,879</u></u> | <u><u>4,785,794</u></u> |

A charge was created on 27th April 1989 by Midland Bank PLC over the book debts of the company securing all monies due or to become due to the chargee.

The invoice discounting facility is secured by an all assets debenture created by Close Brothers Limited on 23rd January 2018.

The bank loan is secured by a charge created by HSBC on 25th September 2018 over the freehold property securing any monies due to them.

The bank loan has been settled post year end and the charge subsequently removed.

The hire purchase liability is secured on the assets financed.

At the year end, the amount available for drawdown on the invoice discounting facility was £77,135.

The directors together have provided a combined guarantee and indemnity limited to £400,000.

18. FINANCIAL INSTRUMENTS

| | 2020 £ | 2019 £ |
|--------------------------------------------------------------------------|------------------|------------------|
| Financial instruments that are debt instruments measured at cost: | | |
| Trade debtors | <u>1,621,286</u> | <u>2,308,648</u> |
| Cash at bank and in hand | <u>154,817</u> | <u>989,304</u> |
| Financial liabilities measured at amortised cost: | | |
| Bank loans | 1,589,693 | 1,775,446 |
| Invoice discounting facility | 1,337,705 | 1,968,504 |
| Finance leases and hire purchase contracts | 3,099,481 | 1,041,844 |
| Trade creditors | <u>768,496</u> | <u>1,121,139</u> |

19. PROVISIONS FOR LIABILITIES

| | 2020 £ | 2019 £ |
|--------------|----------------|----------------|
| Deferred tax | <u>155,288</u> | <u>155,288</u> |

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

19. PROVISIONS FOR LIABILITIES - continued

| | | | |
|--------------------------|--|--|----------------------|
| | | | Deferred tax £ |
| Balance at 1 April 2019 | | | <u>155,288</u> |
| Balance at 31 March 2020 | | | <u>155,288</u> |

20. CALLED UP SHARE CAPITAL

| | | | | |
|----------------------|----------|-------------------------|--------------|--------------|
| Allotted and issued: | | | | |
| Number: | Class: | Nominal value: £1 | 2020 £ | 2019 £ |
| 2,600 | Ordinary | | <u>2,600</u> | <u>2,600</u> |

21. RESERVES

| | | | |
|----------------------|--|--|---------------------------|
| | | | Retained earnings £ |
| At 1 April 2019 | | | 6,370,109 |
| Deficit for the year | | | <u>(604,080)</u> |
| At 31 March 2020 | | | <u>5,766,029</u> |

22. ULTIMATE PARENT COMPANY

Henbury Engineering Limited is regarded by the directors as being the company's ultimate parent company.

Consolidated financial statements can be obtained from the company at Hall Lane, Elton, Sandbach, Cheshire, CW11 3TU.

23. RELATED PARTY DISCLOSURES

Manufactured Components Company Limited

A company of which Mr J Dudley-Toole is a director and shareholder.

Provided goods and services of £49,588 (2019 - nil)

| | | |
|-------------------------------------------------------|---------------|-----------|
| | 2020 £ | 2019 £ |
| Amount due to related party at the balance sheet date | <u>49,588</u> | <u>-</u> |

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2020**

24. POST BALANCE SHEET EVENTS

On 12th August 2020, the company entered into a contract for the sale of the land and buildings from which it operates.

The company simultaneously entered into a contract to lease the same land and buildings for a term of 15 years.