

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020
FOR
T.W. WARD C.N.C. MACHINERY LIMITED**

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FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

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T.W. WARD C.N.C. MACHINERY LIMITED

**COMPANY INFORMATION
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

DIRECTORS: S J Whitworth
S K Bodsworth

SECRETARY: S J Whitworth

REGISTERED OFFICE: Albion Works
Savile Street
Sheffield
South Yorkshire
S4 7UD

REGISTERED NUMBER: 01762383 (England and Wales)

AUDITORS: Marriott Gibbs Rees Wallis Limited
Statutory Auditor
13-17 Paradise Square
Sheffield
South Yorkshire
S1 2DE

**STRATEGIC REPORT
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

The directors present their strategic report for the period 31 March 2019 to 31 March 2020.

REVIEW OF BUSINESS

The principal activities of the Company continued to be the sale of New and Used CNC Machine Tools & for the provision of Service and Spares to its customers.

Development and financial performance during the year

The financial year ending 31 March 2020, resulted in a decrease in sales revenue with the backdrop of continued uncertainty within the UK around Brexit implications and also due to early impact of the Covid-19 global pandemic creating uncertainty. Some key project timings were impacted, which this had an adverse effect on both reported revenue and profit. The effects of these macro-economic factors had a material impact on key Industry Sectors such as Oil & Gas, Aerospace and Automotive, eroding business confidence relating to capital investments.

The reported Net loss was as a result of an unexpected and disappointing Quarter 4 trading result and which required a very different business focus with the upcoming challenges that were to be encountered and structural changes, cost control, resource management and the utilization of the government's furlough scheme that were essential to remain customer focussed, lean and flexible.

Delivering Excellence programs across Operations, Key Functions and Sales was recognised with gaining ISO9001 accreditation in December 2019. In addition, the three strategic pillars were supported by employee engagement workshops and new core values, strategic visits to key Principals, and a strong machine stock profile.

Key performance indicators

Management use a range of performance measures to monitor and manage the business. The key performance measurements of our success are turnover, gross profit, net profit, and the continued strong partnerships with our key customers and key suppliers.

As reported in the Company's profit and loss account, revenue has shown a decrease from £13,521,828 to £12,350,433.

Along with the decrease revenue, the gross margin for the company has fallen to 20% in the year under review, from 29% in 2019.

The non-financial measures the company focuses on are our current market share, customer service levels, staff turnover and long-standing customer relationships. These are monitored on an ongoing basis in conjunction with our Quality Management System (QMS) and measured around Safety, Quality & Delivery.

Financial position at the reporting date

The balance sheet shows that the Company's net assets have decreased from £7,554,775 to £6,625,374.

PRINCIPAL RISKS AND UNCERTAINTIES

The business is managed through a Quality Management System and framework that provides the building blocks to support the company strategy, which has had two subsequent positive accreditation outcomes since March 2020. The Quality Manual covers People, Processes, Product and Services and as part of this the management continually monitor the key risks facing the Company together with assessing controls used for managing these risks and any mitigating actions.

The board of directors formally reviews and documents the principal risks facing the business at least annually, these cover all elements of internal risks, financial risks but also external and macro- economic, regulatory and political risks.

**STRATEGIC REPORT
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

FUTURE DEVELOPMENTS

The directors believe that the forthcoming financial year will be incredibly challenging due to the Covid global pandemic and continued uncertainty due to Brexit, but overall generally believe that the Company has re-aligned itself to be well placed to grow sales and support customers with a strong service proposition when the economy recovers once again. A number of Transformational projects have been completed which relate to investments in the IT infrastructure aimed at upgrading technologies and increasing efficiencies within key business processes. Considerable steps were taken to develop covid safe policies for employees, Customers and visitors both at TW Ward premises and whilst visiting external locations.

ON BEHALF OF THE BOARD:

S J Whitworth - Director

26 March 2021

**REPORT OF THE DIRECTORS
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

The directors present their report with the financial statements of the company for the period 31 March 2019 to 31 March 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of the sale and hire of new and used metalworking machinery specialising in the supply of new, technologically advanced CNC metalworking machine tools and late model reconditioned and re manufactured CNC machine tools.

DIVIDENDS

Interim dividends per share were paid during the period as follows:

Ordinary £1	- £1.625	- 30 June 2019
Ordinary "A" £1	- £4	- 30 June 2019

The total distribution of dividends for the period ended 31 March 2020 will be £ 420,000 .

DIRECTORS

The directors shown below have held office during the whole of the period from 31 March 2019 to the date of this report.

S J Whitworth
S K Bodsworth

FINANCIAL INSTRUMENTS

The company's principal financial instruments include a bank overdraft and a bank loan, the main purpose of which is to raise finance for the company's operations, the purpose of which is to manage currency risks and interest rate risks arising from the company's activities.

Price risk, credit risk, liquidity risk and cash flow risk

The company manages its cash and borrowing requirements to minimise interest expense, whilst ensuring it has sufficient liquid resources to meet the operating needs of its business.

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

The company's principal foreign currency exposure arises from trading in overseas markets. The company's exposure may be hedged in order to fix the cost in sterling. This hedging may involve the use of foreign exchange forward contracts.

The directors do not envisage any cashflow difficulties over the coming year that would prevent any borrowing obligations being met as at the financial year end the company carries forward a good order book so with prudent cashflow management, strengthening balance sheet and good awareness of opportunities should be well placed to weather the economic downturn.

**REPORT OF THE DIRECTORS
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

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.

AUDITORS

The auditors, Marriott Gibbs Rees Wallis Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

S J Whitworth - Director

26 March 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF T.W. WARD C.N.C. MACHINERY LIMITED

Opinion

We have audited the financial statements of T.W. Ward C.N.C. Machinery Limited (the 'company') for the period ended 31 March 2020 which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss 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 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 T.W. WARD C.N.C. MACHINERY 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 five, 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.

Tina Dawn Havenhand FCCA (Senior Statutory Auditor)
for and on behalf of Marriott Gibbs Rees Wallis Limited
Statutory Auditor
13-17 Paradise Square
Sheffield
South Yorkshire
S1 2DE

26 March 2021

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

	Notes	Period 31/3/19 to 31/3/20 £	Period 1/4/18 to 30/3/19 £
TURNOVER	3	12,350,433	13,521,828
Cost of sales		<u>9,828,882</u>	<u>9,632,300</u>
GROSS PROFIT		2,521,551	3,889,528
Administrative expenses		<u>2,961,279</u> (439,728)	<u>3,173,625</u> 715,903
Other operating income	4	<u>-</u>	<u>2,294</u>
OPERATING (LOSS)/PROFIT	6	(439,728)	718,197
Interest receivable and similar income		<u>800</u> (438,928)	<u>61</u> 718,258
Interest payable and similar expenses	7	12,749	17,095
(LOSS)/PROFIT BEFORE TAXATION		<u>(451,677)</u>	<u>701,163</u>
Tax on (loss)/profit	8	<u>(94,418)</u>	<u>152,790</u>
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD		<u>(357,259)</u>	<u>548,373</u>

The notes form part of these financial statements

**OTHER COMPREHENSIVE INCOME
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

	Period 31/3/19 to 31/3/20 £	Period 1/4/18 to 30/3/19 £
Notes		
(LOSS)/PROFIT FOR THE PERIOD	(357,259)	548,373
OTHER COMPREHENSIVE LOSS		
Property, plant and equipment revaluation	(187,830)	-
Income tax relating to other comprehensive loss	<u>35,688</u>	-
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX	(152,142)	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	<u>(509,401)</u>	<u>548,373</u>

**BALANCE SHEET
31 MARCH 2020**

	Notes	2020		2019	
		£	£	£	£
FIXED ASSETS					
Tangible assets	10		3,016,695		3,264,987
Investments	11		<u>1</u>		<u>1</u>
			3,016,696		3,264,988
CURRENT ASSETS					
Stocks	12	6,230,582		5,752,820	
Debtors	13	4,069,479		1,032,938	
Cash at bank and in hand		<u>53,260</u>		<u>1,362,231</u>	
		10,353,321		8,147,989	
CREDITORS					
Amounts falling due within one year	14	<u>6,598,525</u>		<u>3,620,278</u>	
NET CURRENT ASSETS			<u>3,754,796</u>		<u>4,527,711</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			6,771,492		7,792,699
CREDITORS					
Amounts falling due after more than one year	15		(45,424)		(134,716)
PROVISIONS FOR LIABILITIES	20		<u>(100,694)</u>		<u>(103,208)</u>
NET ASSETS			<u><u>6,625,374</u></u>		<u><u>7,554,775</u></u>
CAPITAL AND RESERVES					
Called up share capital	21		200,000		200,000
Revaluation reserve	22		1,532,215		1,689,796
Retained earnings	22		<u>4,893,159</u>		<u>5,664,979</u>
SHAREHOLDERS' FUNDS			<u><u>6,625,374</u></u>		<u><u>7,554,775</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 26 March 2021 and were signed on its behalf by:

S J Whitworth - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 April 2018	200,000	5,504,652	1,721,750	7,426,402
Changes in equity				
Dividends	-	(420,000)	-	(420,000)
Total comprehensive income	-	580,327	(31,954)	548,373
Balance at 30 March 2019	<u>200,000</u>	<u>5,664,979</u>	<u>1,689,796</u>	<u>7,554,775</u>
Changes in equity				
Dividends	-	(420,000)	-	(420,000)
Total comprehensive loss	-	(351,820)	(157,581)	(509,401)
Balance at 31 March 2020	<u>200,000</u>	<u>4,893,159</u>	<u>1,532,215</u>	<u>6,625,374</u>

**CASH FLOW STATEMENT
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

		Period 31/3/19 to 31/3/20 £	Period 1/4/18 to 30/3/19 £
	Notes		
Cash flows from operating activities			
Cash generated from operations	1	(1,896,153)	(1,345,886)
Interest paid		(12,749)	(17,095)
Tax paid		-	(100,211)
Net cash from operating activities		<u>(1,908,902)</u>	<u>(1,463,192)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(13,434)
Sale of tangible fixed assets		-	250
Interest received		800	61
Net cash from investing activities		<u>800</u>	<u>(13,123)</u>
Cash flows from financing activities			
Loan repayments in year - bank		(86,024)	(83,345)
Loan repayments in year - other		(26,282)	2,559
Amount introduced by directors		94,701	107,531
Equity dividends paid		(420,000)	(420,000)
Net cash from financing activities		<u>(437,605)</u>	<u>(393,255)</u>
Decrease in cash and cash equivalents		<u>(2,345,707)</u>	<u>(1,869,570)</u>
Cash and cash equivalents at beginning of period	2	<u>1,362,231</u>	<u>3,231,801</u>
Cash and cash equivalents at end of period	2	<u>(983,476)</u>	<u>1,362,231</u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Period 31/3/19 to 31/3/20 £	Period 1/4/18 to 30/3/19 £
(Loss)/profit before taxation	(451,677)	701,163
Depreciation charges	60,462	70,192
Profit on disposal of fixed assets	-	(250)
Finance costs	12,749	17,095
Finance income	(800)	(61)
	(379,266)	788,139
Increase in stocks	(477,762)	(1,207,781)
(Increase)/decrease in trade and other debtors	(3,131,242)	1,042,869
Increase/(decrease) in trade and other creditors	2,092,117	(1,969,113)
Cash generated from operations	<u>(1,896,153)</u>	<u>(1,345,886)</u>

2. CASH AND CASH EQUIVALENTS

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

Period ended 31 March 2020

	31/3/20 £	31/3/19 £
Cash and cash equivalents	53,260	1,362,231
Bank overdrafts	(1,036,736)	-
	<u>(983,476)</u>	<u>1,362,231</u>

Period ended 30 March 2019

	30/3/19 £	1/4/18 £
Cash and cash equivalents	<u>1,362,231</u>	<u>3,231,801</u>

**NOTES TO THE CASH FLOW STATEMENT
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

3. ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)

	At 31/3/19	Cash flow	At 31/3/20
	£	£	£
Net cash			
Cash at bank and in hand	1,362,231	(1,308,971)	53,260
Bank overdrafts	-	(1,036,736)	(1,036,736)
	<u>1,362,231</u>	<u>(2,345,707)</u>	<u>(983,476)</u>
Debt			
Debts falling due within 1 year	(318,448)	23,014	(295,434)
Debts falling due after 1 year	(134,716)	89,292	(45,424)
	<u>(453,164)</u>	<u>112,306</u>	<u>(340,858)</u>
Total	<u>909,067</u>	<u>(2,233,401)</u>	<u>(1,324,334)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

1. STATUTORY INFORMATION

T.W. Ward C.N.C. Machinery 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 as modified by the revaluation of certain assets.

Preparation of consolidated financial statements

The financial statements contain information about T.W. Ward C.N.C. Machinery Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption available under Section 402 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as all of its subsidiary undertakings could be excluded from consolidation under Section 405(2).

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based upon historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

There are no critical accounting judgements, apart from those involving estimations (which are dealt with separately below) that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

In line with the company policy, the warranty provision is calculated by the directors based upon total contract values and their historical experience and other factors that are considered to be relevant.

The recognition of revenue and profits on significant contracts rely on estimates by the directors in relation to forecast total costs of each contract. Contracts are reviewed on a regular basis throughout their life and amounts are re-estimated until the outcome of the contract is known.

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

2. ACCOUNTING POLICIES - continued

Turnover

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

The company recognises revenue when the amount of revenue can be measured reliably, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the company's activities described below.

Sales of goods

The company sells new and used metalwork machinery, specialising in the supply of new, technologically advanced CNC metalworking machine tools and late model reconditioned and re-manufactured CNC machine tools. Sales of goods are recognised when the company has delivered machines to the customer and no other significant obligation remains unfulfilled that may affect the customer's acceptance of the products. When installation is required, revenue is recognised when machine installation is complete and the risk and rights of ownership transfer to the customer. The risk of obsolescence and loss of the machines are considered to have been transferred to the customer when the products are shipped to the location specified by the customer, or are installed if required, and the customer has accepted them.

Where a contract for supply of machinery overlaps the year end and is of such a significance to the company that not to recognise any activity thereon would distort turnover and profits; turnover on these contracts is recognised based on the value of work carried out during the year including amounts not yet invoiced.

Amounts recoverable on contracts, which are included in debtors are stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments received on account.

Profit is taken only when their outcome can be foreseen with reasonable certainty and it based on the value of work performed less expenditure incurred to the year end. Full provision is made for all known or expected losses, taking a prudent view of future income, immediately such losses are foreseen.

Rendering of services

The company repairs and services machines. Income is invoiced and recognised once the work has been completed.

Tangible fixed assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset Class	Depreciation rate and method
Freehold land	Nil
Freehold property	2% on cost
Plant and machinery	10% - 33% on cost
Fixtures and fittings	20% - 33% on cost
Motor vehicles	25% on cost

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

2. ACCOUNTING POLICIES - continued

Investments in subsidiaries

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

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.

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments like loans and other accounts receivable and payable are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method; Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the period 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 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.

Foreign currencies

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

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

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

Going concern

The company's business activities, together with factors likely to affect its future development, performance and position, and assessment of financial risk management objectives and policies are set out in the Strategic Report of the Directors.

As detailed in the strategic report, the global economy is currently experiencing significant adverse impacts due to COVID-19 pandemic, including a decline in overall trade. There is a great deal of uncertainty regarding the scale and localisation of these impacts to the global economy and government responses to mitigate the potential impact. This potential impact is constantly monitored by the directors and senior management team to in respect of our sector and the company.

Having considered these aspects, the directors of the company have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from the approval of these financial statements.

Accordingly, going concern has been adopted in the preparation of the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

3. TURNOVER

The turnover and loss (2019 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	Period 31/3/19 to 31/3/20 £	Period 1/4/18 to 30/3/19 £
Sale of goods	10,922,598	11,921,275
Rendering of services	1,427,835	1,600,553
	<u>12,350,433</u>	<u>13,521,828</u>

An analysis of turnover by geographical market is given below:

	Period 31/3/19 to 31/3/20 £	Period 1/4/18 to 30/3/19 £
United Kingdom	11,732,348	12,614,070
Europe	75,747	414,280
Rest of the World	542,338	493,478
	<u>12,350,433</u>	<u>13,521,828</u>

4. OTHER OPERATING INCOME

	Period 31/3/19 to 31/3/20 £	Period 1/4/18 to 30/3/19 £
Rents received	<u>-</u>	<u>2,294</u>

5. EMPLOYEES AND DIRECTORS

	Period 31/3/19 to 31/3/20 £	Period 1/4/18 to 30/3/19 £
Wages and salaries	1,769,991	2,040,091
Social security costs	210,302	142,219
Other pension costs	189,905	163,820
	<u>2,170,198</u>	<u>2,346,130</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

5. EMPLOYEES AND DIRECTORS - continued

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

	Period 31/3/19 to 31/3/20	Period 1/4/18 to 30/3/19
Sales, marketing and administration	27	25
Technical and direct labour	25	25
	<u>52</u>	<u>50</u>

	Period 31/3/19 to 31/3/20 £	Period 1/4/18 to 30/3/19 £
Directors' remuneration	126,839	227,662
Directors' pension contributions to money purchase schemes	<u>20,974</u>	<u>43,411</u>

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

Money purchase schemes	<u>2</u>	<u>3</u>
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6. OPERATING (LOSS)/PROFIT

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

	Period 31/3/19 to 31/3/20 £	Period 1/4/18 to 30/3/19 £
Hire of plant and machinery	3,283	4,243
Depreciation - owned assets	60,462	70,192
Profit on disposal of fixed assets	-	(250)
Auditors' remuneration	5,778	5,250
Other assurance services	-	3,300
Other non- audit services	20,418	8,790
Foreign exchange differences	<u>103,641</u>	<u>37,659</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 31/3/19 to 31/3/20 £	Period 1/4/18 to 30/3/19 £
Bank loan interest	6,754	8,721
Other interest paid	<u>5,995</u>	<u>8,374</u>
	<u>12,749</u>	<u>17,095</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

8. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the period was as follows:

	Period 31/3/19 to 31/3/20 £	Period 1/4/18 to 30/3/19 £
Current tax:		
UK corporation tax	(127,592)	169,326
(Over)/under provision in previous year	-	(6)
Total current tax	(127,592)	169,320
Deferred tax	33,174	(16,530)
Tax on (loss)/profit	<u>(94,418)</u>	<u>152,790</u>

UK corporation tax has been charged at 19% (2019 - 19%).

Reconciliation of total tax (credit)/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 31/3/19 to 31/3/20 £	Period 1/4/18 to 30/3/19 £
(Loss)/profit before tax	(451,677)	701,163
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(85,819)	133,221
Effects of:		
Expenses not deductible for tax purposes	12,405	26,515
Depreciation in excess of capital allowances	1,630	9,590
Adjustments to tax charge in respect of previous periods	-	(6)
Tax relief on short term timing differences	(55,808)	-
Deferred tax expense/(credit)	33,174	(16,530)
Total tax (credit)/charge	<u>(94,418)</u>	<u>152,790</u>

Tax effects relating to effects of other comprehensive income

	31/3/19 to 31/3/20		
	Gross £	Tax £	Net £
Property, plant and equipment revaluation	<u>(187,830)</u>	<u>35,688</u>	<u>(152,142)</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

9. DIVIDENDS

	Period 31/3/19 to 31/3/20 £	Period 1/4/18 to 30/3/19 £
Ordinary shares of £1 each Interim	260,000	260,000
Ordinary "A" shares of £1 each Interim	<u>160,000</u>	<u>160,000</u>
	<u>420,000</u>	<u>420,000</u>

10. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Cost or valuation					
At 31 March 2019	3,295,000	284,714	482,985	2,250	4,064,949
Revaluations	(250,000)	-	-	-	(250,000)
At 31 March 2020	<u>3,045,000</u>	<u>284,714</u>	<u>482,985</u>	<u>2,250</u>	<u>3,814,949</u>
Depreciation					
At 31 March 2019	50,224	281,054	466,434	2,250	799,962
Charge for period	47,067	3,266	10,129	-	60,462
Revaluation adjustments	(62,170)	-	-	-	(62,170)
At 31 March 2020	<u>35,121</u>	<u>284,320</u>	<u>476,563</u>	<u>2,250</u>	<u>798,254</u>
Net book value					
At 31 March 2020	<u>3,009,879</u>	<u>394</u>	<u>6,422</u>	<u>-</u>	<u>3,016,695</u>
At 30 March 2019	<u>3,244,776</u>	<u>3,660</u>	<u>16,551</u>	<u>-</u>	<u>3,264,987</u>

Included in cost or valuation of land and buildings is freehold land of £ 900,000 (2019 - £ 900,000) which is not depreciated.

Cost or valuation at 31 March 2020 is represented by:

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 2018	1,566,639	-	-	-	1,566,639
Valuation in 2020	(250,000)	-	-	-	(250,000)
Cost	<u>1,728,361</u>	<u>284,714</u>	<u>482,985</u>	<u>2,250</u>	<u>2,498,310</u>
	<u>3,045,000</u>	<u>284,714</u>	<u>482,985</u>	<u>2,250</u>	<u>3,814,949</u>

Freehold land and buildings were valued on a fair value basis on 7 January 2020 by Sanderson Weatherall Chartered Surveyors .

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

10. TANGIBLE FIXED ASSETS - continued

The historic cost of the freehold land and buildings included above at a valuation of £3,009,879 (2019 - £3,244,776) was £1,728,361 (2019 - £1,728,361) and the aggregate depreciation thereon would have been £371,938 (2019 - £349,532).

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
Cost or valuation	
At 31 March 2019	
and 31 March 2020	<u>1</u>
Net book value	
At 31 March 2020	<u>1</u>
At 30 March 2019	<u>1</u>

Cost or valuation at 31 March 2020 is represented by:

	Shares in group undertakings £
Valuation in 2020	<u>1</u>

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

Rockwell Machinery Limited

Registered office: United Kingdom

Nature of business: Dormant company

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

T.W. Ward C.N.C Machinery Midlands and South Limited

Registered office: United Kingdom

Nature of business: Dormant company

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

12. STOCKS

	2020	2019
	£	£
Raw materials and consumables	155,608	156,139
Work-in-progress	981,071	498,956
Finished goods	5,093,903	5,097,725
	<u>6,230,582</u>	<u>5,752,820</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade debtors	2,414,159	564,671
Amounts owed by group undertakings	49,999	49,999
Amounts recoverable on contract	1,169,340	109,732
Other debtors	92,145	43,677
Directors' current accounts	10,910	105,611
Prepayments and accrued income	332,926	159,248
	<u>4,069,479</u>	<u>1,032,938</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans and overdrafts (see note 16)	1,126,616	86,612
Other loans (see note 16)	205,554	231,836
Payments on account	1,471,066	483,106
Trade creditors	1,705,375	1,537,303
Amounts owed to group undertakings	50,000	50,000
Corporation tax	41,734	169,326
Social security and other taxes	123,108	54,229
VAT	221,707	174,554
Other creditors	1,484	995
Accruals and deferred income	1,651,881	832,317
	<u>6,598,525</u>	<u>3,620,278</u>

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

	2020	2019
	£	£
Bank loans (see note 16)	<u>45,424</u>	<u>134,716</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

16. LOANS

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	1,036,736	-
Bank loans	89,880	86,612
Other loans	205,554	231,836
	<u>1,332,170</u>	<u>318,448</u>
 Amounts falling due between one and two years:		
Bank loans	<u>45,424</u>	<u>89,475</u>
 Amounts falling due between two and five years:		
Bank loans	<u>-</u>	<u>45,241</u>

17. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020	2019
	£	£
Within one year	143,039	78,118
Between one and five years	165,184	139,640
	<u>308,223</u>	<u>217,758</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	2020	2019
	£	£
Bank overdraft	1,036,736	-
Bank loans	135,304	221,328
	<u>1,172,040</u>	<u>221,328</u>

The bank loan and facilities are secured on the company's properties and assets.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

19. FINANCIAL INSTRUMENTS

The carrying amounts of the company's financial instruments are as follows:

	2020	2019
£		
Financial assets		
Debt instruments measured at amortised cost		
Trade debtors	2,414,159	564,671
Other debtors	1,311,484	203,408
Directors' current accounts	<u>10,910</u>	<u>105,611</u>
	<u>3,736,553</u>	<u>873,690</u>
Financial liabilities		
Measured at amortised cost		
Bank loans and overdrafts	1,172,040	221,328
Other loans	205,554	231,836
Trade creditors	1,705,375	1,537,303
Other creditors	51,484	50,995
Accruals	<u>1,651,881</u>	<u>832,317</u>
	<u>4,786,334</u>	<u>2,873,779</u>

20. PROVISIONS FOR LIABILITIES

	2020	2019
	£	£
Deferred tax		
Accelerated capital allowances	(4,648)	(3,017)
Other timing differences	<u>105,342</u>	<u>106,225</u>
	<u>100,694</u>	<u>103,208</u>
		Deferred tax
		£
Balance at 31 March 2019		103,208
Charge to Profit and Loss Account during period		33,174
Revaluation		(35,688)
Balance at 31 March 2020		<u>100,694</u>

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2020	2019
Number:	Class:	Nominal value:	£	£
160,000	Ordinary	£1	160,000	160,000
40,000	Ordinary "A"	£1	<u>40,000</u>	<u>40,000</u>
			<u>200,000</u>	<u>200,000</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 31 MARCH 2019 TO 31 MARCH 2020**

22. RESERVES

	Retained earnings £	Revaluation reserve £	Totals £
At 31 March 2019	5,664,979	1,689,796	7,354,775
Deficit for the period	(357,259)		(357,259)
Dividends	(420,000)		(420,000)
Depreciation transfer	24,661	(24,661)	-
Depreciation transfer - tax	(19,222)	19,222	-
Revaluation	-	(187,830)	(187,830)
Deferred tax	-	35,688	35,688
At 31 March 2020	<u>4,893,159</u>	<u>1,532,215</u>	<u>6,425,374</u>

23. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the periods ended 31 March 2020 and 30 March 2019:

	2020 £	2019 £
S J Whitworth		
Balance outstanding at start of period	105,611	213,142
Amounts advanced	57,009	313,423
Amounts repaid	(151,710)	(420,954)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of period	<u>10,910</u>	<u>105,611</u>

24. RELATED PARTY DISCLOSURES

Other related parties

	2020 £	2019 £
At start of period	231,836	229,277
Repaid	(32,277)	(4,141)
Interest transaction	5,995	6,700
Amount due to related party	<u>205,554</u>	<u>231,836</u>

The loans are from family members of S J Whitworth. Interest is paid at 3% above base rate on credit balances and the loans are repayable on demand.