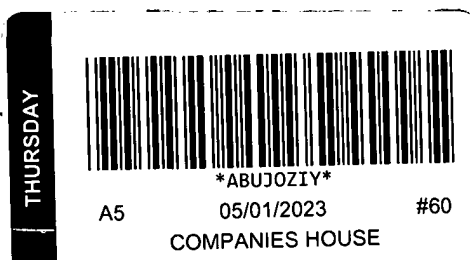


**Group Strategic Report,  
Report of the Directors and  
Consolidated Financial Statements  
for the Year Ended 31 December 2021  
for  
Teescraft Engineering Limited**



**Contents of the Consolidated Financial Statements  
for the Year Ended 31 December 2021**

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**Teescraft Engineering Limited**  
**Company Information**  
**for the Year Ended 31 December 2021**

**DIRECTORS:**

R J Yorke  
J C Laverick  
S Yorke

**SECRETARY:**

J C Laverick

**REGISTERED OFFICE:**

Unit 2  
South Church Enterprise Park  
Bishop Auckland  
Co Durham  
DL14 6XB

**REGISTERED NUMBER:**

01554968 (England and Wales)

**SENIOR STATUTORY AUDITOR:** Gary Ellis BA BFP FCA

**AUDITORS:**

Clive Owen LLP  
Chartered Accountants  
& Statutory Auditors  
Kepier House  
Belmont Business Park  
Durham  
DH1 1TW

**Group Strategic Report  
for the Year Ended 31 December 2021**

**Business Review:**

The principal activities of the group are: -

Teescraft Engineering Limited - Precision Machine Engineering, mainly for the Automotive, Yellow Goods, Oil and Gas Industries.

The Stockton Casting Company Limited - Manufacture of High-Grade Engineering Castings for Automotive, Air Compressor, Oil and Gas Industries.

LH (Quarry Plant) Limited - Precision Machine Engineering and Manufacture, Maintenance and Spares Supplier of Crusher Machines.

Westlands Casting Company Limited - Manufacture of precision aluminium alloy castings. As of 1 January 2021 Westlands became 100% owned by Teescraft Engineering Limited.

The group turnover for the year to 31 December 2021 was £25,383,711 (2020: £19,526,072), which is a significant increase due to the recovery of the business from the Covid 19 pandemic.

The group net profit for the year to 31 December 2021 was £1,513,729 (2020 £773,138) which indicates that the company is recovering well from the effects of the Covid 19 pandemic.

**KPIs**

The performance of the group is monitored with reference to several key performance indicators (KPI's) including:

- Sales, costs and profit margin
- Review of aged debtors and aged creditors
- Debtors and creditors days
- Stock days
- Project costing and contract control
- Cash flow forecasting

The accounting systems facilitate the gathering of the appropriate data.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The group produces monthly management accounts including cashflow reports and trading projections. These are reviewed on a monthly basis to identify variances from budget. The principal risks and uncertainties facing the business are:

**Covid-19**

The recovery of some elements of the business continues to be directly linked to a buoyant Oil and Gas Industry as it recovers from the effect of Covid-19.

**Foreign exchange risk**

The Group purchases product from overseas, particularly China, India and the Middle East and exports to several Countries, including USA. As such, it is exposed to the variability of foreign exchange rates.

**Interest rate**

The group has third party debt so is exposed to the variability of interest rates. The directors have regularly reviewed the options available and have decided in the past not to undertake hedging against movements in interest rates. Going forward the directors are aware that the group may be affected by adverse movements in interest rates and will continue to monitor the requirement for hedging as appropriate.

**Inflation risk**

The Directors anticipate a significant increase in inflation in the short to medium term and therefore are vigilant for its effect on Group activities, to ensure that risks in this area are controlled.

**Liquidity risk**

The directors do not perceive liquidity risk to be significant to the group but regularly monitor the financial information to ensure that any risks in this area are controlled.

**Group Strategic Report  
for the Year Ended 31 December 2021**

**Future plans**

The plans for the Group are to continue to grow the business, either organically or by acquisition as appropriate and to meet the increased demands of their main customers, expected in 2022.

**ON BEHALF OF THE BOARD:**



.....  
R J Yorke - Director

Date: .....06/12/2022.....

**Report of the Directors  
for the Year Ended 31 December 2021**

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

**DIVIDENDS**

The total distribution of dividends for the year ended 31 December 2021 was £228,703.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

R J Yorke  
J C Laverick  
S Yorke

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

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

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

**AUDITORS**

The auditors, Clive Owen LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

**ON BEHALF OF THE BOARD:**



.....  
R J Yorke - Director

Date: 16/12/2022

## **Report of the Independent Auditors to the Members of Teescraft Engineering Limited**

### **Qualified opinion**

We have audited the financial statements of Teescraft Engineering Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Profit and Loss Account, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated 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, except for the effect of the matter described in the basis for qualified opinion section, the financial statements:

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

### **Basis for qualified opinion**

We were not appointed auditor of Westlands Casting Company Limited until after the acquisition date of 1 June 2020 and thus did not attend the stocktake at that date nor at 31 December 2020. Consequently we are unable to satisfy ourselves in respect of the accuracy of stock quantities of £101,758 held at 1 June 2020 or stock quantities held at 31 December 2020. As a result,, we were unable to determine whether there were any consequential effects on the cost of sales for the period to 31 December 2021.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

Except for the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

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

**Report of the Independent Auditors to the Members of  
Teescraft Engineering Limited**

**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of directors**

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

**Report of the Independent Auditors to the Members of  
Teescraft Engineering Limited**

**Auditors' responsibilities for the audit of the financial statements**

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Our audit must be alert to the risk of manipulation of the financial statements and seek to understand the incentives and opportunities for management to achieve this.

We have undertaken the following procedures to identify and respond to these risks of non-compliance:

- Understanding the key legal and regulatory frameworks that are applicable to the Company. We communicated identified laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit. We determined the most significant of these to be financial reporting legislation, company law, taxation legislation, health & safety, and employment law.
- Enquiry of directors and management as to policies and procedures to ensure compliance and any known instances of non-compliance.
- Review of board minutes and correspondence with regulators.
- Enquiry of directors and management as to areas of the financial statements susceptible to fraud and how these risks are managed.
- Challenging management on key estimates as noted in accounting policies, assumptions and judgements made in the preparation of the financial statements.
- Identifying and testing unusual journal entries, with a particular focus on manual journal entries.

Through these procedures, we did not become aware of actual or suspected non-compliance.

We planned and performed our audit in accordance with auditing standards but owing to the inherent limitations of procedures required in these areas, there is an unavoidable risk that we may not have detected a material misstatement in the accounts. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve concealment, collusion, forgery, misrepresentations, or override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of  
Teescraft Engineering Limited**

**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.



Gary Ellis BA BFP FCA (Senior Statutory Auditor)

for and on behalf of Clive Owen LLP

Chartered Accountants

& Statutory Auditors

Kepier House

Belmont Business Park

Durham

DH1 1TW

Date: 16 December 2022

**Consolidated  
Profit and Loss Account  
for the Year Ended 31 December 2021**

	Notes	2021 £	2020 £
<b>TURNOVER</b>	3	25,283,711	19,526,072
Cost of sales		21,411,736	16,831,595
<b>GROSS PROFIT</b>		3,871,975	2,694,477
Administrative expenses		2,462,474	2,287,029
		1,409,501	407,448
Other operating income	4	236,627	496,499
<b>OPERATING PROFIT</b>	6	1,646,128	903,947
Interest receivable and similar income		1,586	1,171
		1,647,714	905,118
Interest payable and similar expenses	7	133,985	131,980
<b>PROFIT BEFORE TAXATION</b>		1,513,729	773,138
Tax on profit	8	71,477	114,689
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,442,252	658,449
Profit attributable to:			
Owners of the parent		1,442,252	670,596
Non-controlling interests		-	(12,147)
		1,442,252	658,449

**Consolidated  
Other Comprehensive Income  
for the Year Ended 31 December 2021**

Notes	2021 £	2020 £
<b>PROFIT FOR THE YEAR</b>	1,442,252	658,449
<b>OTHER COMPREHENSIVE INCOME</b>	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>1,442,252</u>	<u>658,449</u>
Total comprehensive income attributable to:		
Owners of the parent	1,442,252	670,596
Non-controlling interests	-	(12,147)
	<u>1,442,252</u>	<u>658,449</u>

Consolidated Balance Sheet  
31 December 2021

	Notes	2021		2020	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	11		(362,769)		(326,803)
Tangible assets	12		5,762,388		5,046,784
Investments	13		-		-
			<u>5,399,619</u>		<u>4,719,981</u>
<b>CURRENT ASSETS</b>					
Stocks	14	3,509,725		3,187,786	
Debtors	15	7,021,531		5,134,273	
Cash at bank and in hand		674,252		629,539	
			<u>11,205,508</u>		<u>8,951,598</u>
<b>CREDITORS</b>					
Amounts falling due within one year	16	6,081,910		4,464,448	
			<u>5,123,598</u>		<u>4,487,150</u>
<b>NET CURRENT ASSETS</b>					
			<u>10,523,217</u>		<u>9,207,131</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
<b>CREDITORS</b>					
Amounts falling due after more than one year	17		(2,430,903)		(2,512,271)
<b>PROVISIONS FOR LIABILITIES</b>					
	21		(630,705)		(296,800)
<b>NET ASSETS</b>					
			<u>7,461,609</u>		<u>6,398,060</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	22		10,100		10,100
Retained earnings	23		7,451,509		6,250,107
<b>SHAREHOLDERS' FUNDS</b>					
			<u>7,461,609</u>		<u>6,260,207</u>
<b>NON-CONTROLLING INTERESTS</b>					
	24		-		137,853
<b>TOTAL EQUITY</b>					
			<u>7,461,609</u>		<u>6,398,060</u>

The financial statements were approved by the Board of Directors and authorised for issue on 16/12/2022 and were signed on its behalf by:

  
.....  
R J Yorke - Director

Company Balance Sheet  
31 December 2021

	Notes	2021		2020	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	11		(590,957)		(675,339)
Tangible assets	12		3,731,303		3,385,522
Investments	13		3,362,835		3,212,835
			<u>6,503,181</u>		<u>5,923,018</u>
<b>CURRENT ASSETS</b>					
Stocks	14	2,520,687		1,883,053	
Debtors	15	5,145,775		4,002,398	
Cash at bank and in hand		116,398		169,549	
			<u>7,782,860</u>		<u>6,055,000</u>
<b>CREDITORS</b>					
Amounts falling due within one year	16	5,537,982		4,233,193	
<b>NET CURRENT ASSETS</b>			<u>2,244,878</u>		<u>1,821,807</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>8,748,059</u>		<u>7,744,825</u>
<b>CREDITORS</b>					
Amounts falling due after more than one year	17		(2,004,871)		(2,166,771)
<b>PROVISIONS FOR LIABILITIES</b>	21		(343,448)		(150,873)
<b>NET ASSETS</b>			<u>6,399,740</u>		<u>5,427,181</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	22		10,100		10,100
Retained earnings	23		6,389,640		5,417,081
<b>SHAREHOLDERS' FUNDS</b>			<u>6,399,740</u>		<u>5,427,181</u>
Company's profit for the financial year			<u>1,193,559</u>		<u>418,837</u>

The financial statements were approved by the Board of Directors and authorised for issue on .....16/12/2022..... and were signed on its behalf by:

  
.....  
R J Yorke - Director

**Consolidated Statement of Changes in Equity  
for the Year Ended 31 December 2021**

	Called up share capital £	Retained earnings £	Total £	Non-controlling interests £	Total equity £
<b>Balance at 1 January 2020</b>	10,100	5,986,957	5,997,057	-	5,997,057
<b>Changes in equity</b>					
Dividends	-	(407,446)	(407,446)	-	(407,446)
Total comprehensive income	-	670,596	670,596	(12,147)	658,449
	10,100	6,250,107	6,260,207	(12,147)	6,248,060
Acquisition of non-controlling interest	-	-	-	150,000	150,000
<b>Balance at 31 December 2020</b>	10,100	6,250,107	6,260,207	137,853	6,398,060
<b>Changes in equity</b>					
Dividends	-	(228,703)	(228,703)	-	(228,703)
Total comprehensive income	-	1,442,252	1,442,252	-	1,442,252
Transfer of minority interest equity	-	(12,147)	(12,147)	(137,853)	(150,000)
<b>Balance at 31 December 2021</b>	10,100	7,451,509	7,461,609	-	7,461,609

**Company Statement of Changes in Equity  
for the Year Ended 31 December 2021**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2020</b>	10,100	5,398,244	5,408,344
<b>Changes in equity</b>			
Dividends	-	(400,000)	(400,000)
Total comprehensive income	-	418,837	418,837
<b>Balance at 31 December 2020</b>	<u>10,100</u>	<u>5,417,081</u>	<u>5,427,181</u>
<b>Changes in equity</b>			
Dividends	-	(221,000)	(221,000)
Total comprehensive income	-	1,193,559	1,193,559
<b>Balance at 31 December 2021</b>	<u>10,100</u>	<u>6,389,640</u>	<u>6,399,740</u>

**Consolidated Cash Flow Statement  
for the Year Ended 31 December 2021**

	Notes	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,913,176	668,856
Interest paid		(110,565)	(105,134)
Interest element of hire purchase payments paid		(23,420)	(26,846)
Government grants		-	469,499
Assets on acquisition		-	373,593
Tax paid		-	63,709
Taxation refund		188,627	-
<b>Net cash from operating activities</b>		<b>1,967,818</b>	<b>1,443,677</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(3,285)	-
Purchase of tangible fixed assets		(1,401,000)	(1,201,106)
Sale of tangible fixed assets		1,688	525
Acquisition of subsidiary		-	(150,000)
Interest received		1,586	1,171
<b>Net cash from investing activities</b>		<b>(1,401,011)</b>	<b>(1,349,410)</b>
<b>Cash flows from financing activities</b>			
New loans in year		-	573,850
Loan repayments in year		(128,345)	(117,466)
New hire purchase in year		-	508,250
Hire purchase repayments		(165,046)	-
Capital repayments in year		-	(409,815)
Equity dividends paid		(228,703)	(407,446)
<b>Net cash from financing activities</b>		<b>(522,094)</b>	<b>147,373</b>
<b>Increase in cash and cash equivalents</b>		<b>44,713</b>	<b>241,640</b>
<b>Cash and cash equivalents at beginning of year</b>	2	<b>629,539</b>	<b>387,899</b>
<b>Cash and cash equivalents at end of year</b>	2	<b>674,252</b>	<b>629,539</b>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement  
for the Year Ended 31 December 2021**

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

	2021	2020
	£	£
Profit before taxation	1,513,729	773,138
Depreciation charges	1,145,557	1,184,398
Loss/(profit) on disposal of fixed assets	952	(155)
Government grants	-	(469,499)
Finance costs	133,985	131,980
Finance income	(1,586)	(1,171)
	2,792,637	1,618,691
Increase in stocks	(321,939)	(250,113)
(Increase)/decrease in trade and other debtors	(1,847,307)	223,091
Increase/(decrease) in trade and other creditors	1,289,785	(922,813)
	1,913,176	668,856

**2. CASH AND CASH EQUIVALENTS**

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

**Year ended 31 December 2021**

	31/12/21	1/1/21
	£	£
Cash and cash equivalents	674,252	629,539
	674,252	629,539

**Year ended 31 December 2020**

	31/12/20	1/1/20
	£	£
Cash and cash equivalents	629,539	387,899
	629,539	387,899

**Notes to the Consolidated Cash Flow Statement  
for the Year Ended 31 December 2021**

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1/1/21 £	Cash flow £	Other non-cash changes £	At 31/12/21 £
<b>Net cash</b>				
Cash at bank and in hand	629,539	44,713		674,252
	<u>629,539</u>	<u>44,713</u>		<u>674,252</u>
<b>Debt</b>				
Finance leases	(781,300)	336,209	(418,000)	(863,091)
Debts falling due within 1 year	(133,163)	(2,871)	-	(136,034)
Debts falling due after 1 year	(1,799,778)	131,216	-	(1,668,562)
	<u>(2,714,241)</u>	<u>464,554</u>	<u>(418,000)</u>	<u>(2,667,687)</u>
<b>Total</b>	<u><u>(2,084,702)</u></u>	<u><u>509,267</u></u>	<u><u>(418,000)</u></u>	<u><u>(1,993,435)</u></u>

**Notes to the Consolidated Financial Statements  
for the Year Ended 31 December 2021**

**1. STATUTORY INFORMATION**

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

**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.

There were no departures from this standard.

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

The financial statements have been prepared in Sterling (£).

**Going concern**

The directors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the group to continue as a going concern. The directors make this assessment in respect of a period of at least one year from the date the financial statements are approved.

At the date of approval, the country and indeed the rest of the world is in the midst of dealing with the Covid-19 pandemic. Whilst there is uncertainty around the length of time the Covid-19 pandemic will last and the full impact on the global economy, the directors believe that it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements due to the levels of reserves and potential financial support available.

The financial statements are prepared on the going concern basis which assumes that the group will continue to trade. If the group is unable to continue to trade, adjustments would be required to reduce the value of assets to their recoverable amounts, to provide for any further liabilities that might arise and to analyse long term liabilities as current liabilities.

**Basis of consolidation**

The financial statements consolidate the financial statements of Teescraft Engineering Limited and its subsidiaries: Stockton Casting Company (The) Limited, L.H.(Quarry Plant) Limited and Westlands Casting Company Limited who became a 100% group company as of 1 January 2021. All of the entities' financial statements are made up to 31 December 2021. The dormant companies of the group have been excluded from the consolidation. Transactions between group companies have been eliminated on consolidation. No separate profit and loss account for Teescraft Engineering Limited is presented, as permitted by Section 406 of the Companies Act 2006.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**2. ACCOUNTING POLICIES - continued**

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes.

**Income recognition**

Income represents the sale of goods and is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on delivery of goods.

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of businesses in 2012 and 2020 is being amortised evenly over its estimated useful life of five years.

Goodwill being the acquisition of a new branch in 2018 is being amortised evenly over its estimated useful life of ten years.

Goodwill on consolidation is being amortised evenly over its estimated useful life of five years.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of three years.

**Tangible fixed assets**

Tangible fixed assets are measured at cost less accumulated depreciation and impairment. 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	2% on cost, freehold land not depreciated
Improvements to property	2% on cost and Period of the lease
Plant and machinery	20 to 25% on reducing balance and 20% on cost 33% on cost, 33.33% on reducing balance and 20% on reducing balance
Fixtures and fittings	reducing balance
Motor vehicles	25% on reducing balance

Depreciation is charged against the use of fixed assets except freehold land and property as it is maintained to such a state of repair that its residual value is at least equal to the net book value.

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost less impairment.

**Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and selling price less estimated costs to sell, after making due allowances for obsolete and slow moving items.

**Financial instruments**

**Debtors**

Short term debtors are measured at transaction price. Other financial assets including cash and bank are measured at fair value.

**Creditors**

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**2. ACCOUNTING POLICIES - continued**

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated 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.

**Hire purchase and leasing commitments**

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

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

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

**Pension costs and other post-retirement benefits**

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

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**2. ACCOUNTING POLICIES - continued**

**Estimates and key sources of estimation uncertainty**

The following estimates have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

**Stock provisions** - management applies procedures to identify defective, slow moving and obsolete stock. An estimation is made of the price obtainable in the market in which the goods are expected to be sold and any costs of completion of sale are taken into account. The value of stock is reduced by the deficit between cost and estimated net realisable value of the stock in the form of a stock provision. Certain stock lines are held for a number of years due to the nature of the product. This adds to the level of judgement required when setting the provision. The provision for slow moving stock is £248,629.

**Depreciation** - depreciation is calculated so as to write off the cost of an asset, less its residual value, over the useful economic life of that asset. An estimate of the useful economic life of assets is detailed in the depreciation accounting policy. Depreciation is charged against the use of fixed assets except freehold property as it is maintained to such a state of repair that its residual value is at least equal to the net book value. The depreciation charge for the year is £1,106,036.

**Bad debt provision** - management reviews the ageing debtors ledgers regularly to identify any irrecoverable debts, they do this by taking into consideration the age of the balance, credit terms and knowledge of the customer.

**Specific accruals** - grant recognition and lease accrual- management reviews capital grant funding agreements to consider the period in which the grant should be recognised under the accruals basis. For the lease accrual, management also consider the period to which the costs relate and recognise these accordingly.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Government grants**

Revenue based grants have been credited to the profit and loss account in the period to which they relate. Capital based grants are accounted for using the accruals model and have been transferred to a deferred credit and released to the profit and loss account over the useful life of the asset, as disclosed above.

**Investments**

Investments held as fixed assets are stated at cost less any provision for permanent diminution in value.

**Invoice discounting**

The invoice discounting facility represents amounts received in respect of financed debts. There is full recourse to the group for losses on debts, and so the financed debts continue to be recognised on the balance sheet. Interest and other charges relating to invoice financing are recognised in the profit and loss account over the relevant period.

**3. TURNOVER**

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

An analysis of turnover by geographical market is given below:

	2021	2020
	£	£
United Kingdom	21,699,237	16,783,109
Europe	2,214,515	1,671,675
Rest of world	1,369,959	1,071,288
	25,283,711	19,526,072
	25,283,711	19,526,072

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**4. OTHER OPERATING INCOME**

	2021	2020
	£	£
Government grants receivable	149,966	469,499

Government grants consist of the government support received in respect of the Coronavirus Job Retention Scheme (CJRS), rates relief and government grants for machinery to enable business growth. The CJRS scheme enabled employees, whose employers were affected by the Covid-19 pandemic to receive support directly from their employer.

**5. EMPLOYEES AND DIRECTORS**

	2021	2020
	£	£
Wages and salaries	5,325,115	6,262,972
Social security costs	491,564	473,992
Other pension costs	102,870	109,821
	5,919,549	6,846,785

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

	2021	2020
Directors	3	3
Management	17	18
Administration	14	16
Operating staff	154	162
	188	199

	2021	2020
	£	£
Directors' remuneration	83,104	69,580
Directors' pension contributions to money purchase schemes	1,021	890

**6. OPERATING PROFIT**

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

	2021	2020
	£	£
Hire of plant and machinery	-	8,117
Other operating leases	282,667	284,096
Depreciation - owned assets	810,762	915,224
Depreciation - assets on hire purchase contracts	295,274	247,691
Loss/(profit) on disposal of fixed assets	952	(155)
Goodwill amortisation	38,556	20,494
Computer software amortisation	695	989
Auditor's remuneration-Parent	8,750	8,750
Auditor's remuneration-Subsidiaries	20,385	20,385
Foreign exchange differences	32,368	4,098

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2021	2020
	£	£
Bank loan interest	83,100	80,474
Invoice discounting interest	27,286	24,660
Interest payable	179	-
Hire purchase interest	23,420	26,846
	<u>133,985</u>	<u>131,980</u>

**8. TAXATION**

**Analysis of the tax charge**

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

	2021	2020
	£	£
Current tax:		
UK corporation tax	112,769	143,358
Prior year over provision	(375,197)	(74,956)
Total current tax	<u>(262,428)</u>	<u>68,402</u>
Deferred tax	333,905	46,287
Tax on profit	<u>71,477</u>	<u>114,689</u>

**Reconciliation of total tax charge 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:

	2021	2020
	£	£
Profit before tax	<u>1,513,729</u>	<u>773,138</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	287,609	146,896
Effects of:		
Expenses not deductible for tax purposes	8,505	6,468
Income not taxable for tax purposes	(92,808)	(23,791)
Capital allowances in excess of depreciation	(399)	-
Adjustments to tax charge in respect of previous periods	-	901
Effect of consolidation adjustments assets	82,396	50,886
Prior year over provision	(358,468)	(74,956)
Non qualifying depreciation purchase price	-	8,285
Impact of change in deferred tax rate	<u>144,642</u>	<u>-</u>
Total tax charge	<u>71,477</u>	<u>114,689</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021

9. **INDIVIDUAL PROFIT AND LOSS ACCOUNT**

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these financial statements.

10. **DIVIDENDS**

	2021 £	2020 £
Ordinary shares of £1 each		
Interim	228,703	407,446
	<u>228,703</u>	<u>407,446</u>

11. **INTANGIBLE FIXED ASSETS**

**Group**

	Goodwill £	Computer software £	Totals £
<b>COST</b>			
At 1 January 2021	17,903	17,246	35,149
Additions	-	3,285	3,285
	<u>17,903</u>	<u>20,531</u>	<u>38,434</u>
At 31 December 2021	17,903	20,531	38,434
<b>AMORTISATION</b>			
At 1 January 2021	344,706	17,246	361,952
Amortisation for year	38,556	695	39,251
	<u>383,262</u>	<u>17,941</u>	<u>401,203</u>
At 31 December 2021	383,262	17,941	401,203
<b>NET BOOK VALUE</b>			
At 31 December 2021	(365,359)	2,590	(362,769)
	<u>(365,359)</u>	<u>2,590</u>	<u>(362,769)</u>
At 31 December 2020	(326,803)	-	(326,803)
	<u>(326,803)</u>	<u>-</u>	<u>(326,803)</u>

**Company**

	Goodwill £
<b>COST</b>	
At 1 January 2021	
and 31 December 2021	(801,288)
<b>AMORTISATION</b>	
At 1 January 2021	(125,949)
Amortisation for year	(84,382)
	<u>(210,331)</u>
At 31 December 2021	(210,331)
<b>NET BOOK VALUE</b>	
At 31 December 2021	(590,957)
	<u>(590,957)</u>
At 31 December 2020	(675,339)
	<u>(675,339)</u>

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**12. TANGIBLE FIXED ASSETS**

**Group**

	Freehold property £	Improvements to property £	Plant and machinery £
<b>COST</b>			
At 1 January 2021	2,109,859	219,546	10,267,889
Additions	45,536	60,823	1,601,563
Disposals	-	-	-
At 31 December 2021	2,155,395	280,369	11,869,452
<b>DEPRECIATION</b>			
At 1 January 2021	337,022	67,835	7,204,411
Charge for year	27,710	10,977	1,030,932
Eliminated on disposal	(818)	-	(2,708)
At 31 December 2021	363,914	78,812	8,232,635
<b>NET BOOK VALUE</b>			
At 31 December 2021	1,791,481	201,557	3,636,817
At 31 December 2020	1,772,837	151,711	3,063,478
	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>			
At 1 January 2021	251,092	125,837	12,974,223
Additions	49,550	61,528	1,819,000
Disposals	-	(10,467)	(10,467)
At 31 December 2021	300,642	176,898	14,782,756
<b>DEPRECIATION</b>			
At 1 January 2021	221,255	96,916	7,927,439
Charge for year	15,672	20,745	1,106,036
Eliminated on disposal	(66)	(9,515)	(13,107)
At 31 December 2021	236,861	108,146	9,020,368
<b>NET BOOK VALUE</b>			
At 31 December 2021	63,781	68,752	5,762,388
At 31 December 2020	29,837	28,921	5,046,784

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021

12. TANGIBLE FIXED ASSETS - continued

Group

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

	Plant and machinery £
<b>COST</b>	
At 1 January 2021	1,515,900
Additions	418,000
Transfer to ownership	26,700
	<hr/>
At 31 December 2021	1,960,600
	<hr/>
<b>DEPRECIATION</b>	
At 1 January 2021	423,663
Charge for year	295,274
Transfer to ownership	5,785
	<hr/>
At 31 December 2021	724,722
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 December 2021	1,235,878
	<hr/> <hr/>
At 31 December 2020	1,092,237
	<hr/> <hr/>

Company

	Freehold property £	Improvements to property £	Plant and machinery £
<b>COST</b>			
At 1 January 2021	869,334	219,546	8,284,676
Additions	8,530	60,823	1,098,221
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2021	877,864	280,369	9,382,897
	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>			
At 1 January 2021	-	67,835	5,955,432
Charge for year	-	10,977	850,403
Eliminated on disposal	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2021	-	78,812	6,805,835
	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>			
At 31 December 2021	877,864	201,557	2,577,062
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2020	869,334	151,711	2,329,244
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**12. TANGIBLE FIXED ASSETS - continued**

**Company**

	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>			
At 1 January 2021	117,267	58,800	9,549,623
Additions	2,400	61,528	1,231,502
Disposals	-	(10,467)	(10,467)
At 31 December 2021	119,667	109,861	10,770,658
<b>DEPRECIATION</b>			
At 1 January 2021	101,433	39,401	6,164,101
Charge for year	5,024	18,365	884,769
Eliminated on disposal	-	(9,515)	(9,515)
At 31 December 2021	106,457	48,251	7,039,355
<b>NET BOOK VALUE</b>			
At 31 December 2021	13,210	61,610	3,731,303
At 31 December 2020	15,834	19,399	3,385,522

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

	Plant and machinery £
<b>COST</b>	
At 1 January 2021	1,385,400
Additions	418,000
Transfer to ownership	26,700
At 31 December 2021	1,830,100
<b>DEPRECIATION</b>	
At 1 January 2021	378,528
Charge for year	290,047
Transfer to ownership	5,785
At 31 December 2021	674,360
<b>NET BOOK VALUE</b>	
At 31 December 2021	1,155,740
At 31 December 2020	1,006,872

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021

13. **FIXED ASSET INVESTMENTS**

**Group**

	Shares in associated companies £
<b>COST</b>	
At 1 January 2021 and 31 December 2021	<u>300,000</u>
<b>PROVISIONS</b>	
At 1 January 2021 and 31 December 2021	<u>300,000</u>
<b>NET BOOK VALUE</b>	
At 31 December 2021	<u>-</u>
At 31 December 2020	<u>-</u>

**Company**

	Shares in group undertakings £	Shares in associated companies £	Totals £
<b>COST</b>			
At 1 January 2021	2,912,835	300,000	3,212,835
Additions	150,000	-	150,000
At 31 December 2021	<u>3,062,835</u>	<u>300,000</u>	<u>3,362,835</u>
<b>PROVISIONS</b>			
At 1 January 2021 and 31 December 2021	<u>(300,000)</u>	<u>300,000</u>	<u>-</u>
<b>NET BOOK VALUE</b>			
At 31 December 2021	<u>3,362,835</u>	<u>-</u>	<u>3,362,835</u>
At 31 December 2020	<u>3,212,835</u>	<u>-</u>	<u>3,212,835</u>

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

**Subsidiaries**

**Stockton Casting Company Limited**

Registered office: Unit 2, South Church Enterprise Park, Bishop Auckland, County Durham, DL14 6XB.

Nature of business: Manufacture of high grade engineering castings

Class of shares:	%
Ordinary	holding 100.00

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**13. FIXED ASSET INVESTMENTS - continued**

**L.H. (Quarry Plant) Limited**

Registered office: Unit 2 Longfield Road, South Church Enterprise Park, Bishop Auckland, County Durham, DL14 6XB

Nature of business: Manufacture of machinery for mining

	%
Class of shares:	holding
Ordinary	100.00

**Westlands Casting Co Limited**

Registered office: Vaux Rd, Finedon Road Industrial Estate, Wellingborough, Northants, NN8 4TG

Nature of business: Casting company

	%
Class of shares:	holding
Ordinary	100.00

**14. STOCKS**

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Stocks	3,325,287	2,915,196	2,520,687	1,883,053
Work-in-progress	138,108	272,590	-	-
Finished goods	46,330	-	-	-
	<u>3,509,725</u>	<u>3,187,786</u>	<u>2,520,687</u>	<u>1,883,053</u>

There was an impairment gain recognised in cost of sales in relation to slow moving stock of £13,499.

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	6,199,251	4,389,757	4,288,316	3,126,469
Amounts owed by group undertakings	-	-	258,812	261,903
Amounts owed by associates	16,571	1,679	16,571	16,571
Other debtors	188,159	135,694	147,084	120,730
Prepayments and accrued income	617,550	607,143	434,992	476,725
	<u>7,021,531</u>	<u>5,134,273</u>	<u>5,145,775</u>	<u>4,002,398</u>

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

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

	<b>Group</b>		<b>Company</b>	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts (see note 18)	136,034	133,163	113,235	109,838
Hire purchase contracts (see note 19)	498,792	478,732	463,395	433,774
Trade creditors	2,763,494	1,172,221	2,110,537	806,971
Amounts owed to group undertakings	-	-	1,300,209	886,982
Corporation tax	109,508	143,358	31,615	37,842
Social security and other taxes	409,386	694,831	144,468	442,628
Other creditors	31,109	12,481	11,147	-
Directors' current accounts	5,242	215,127	5,242	215,127
Accruals and deferred income	302,987	265,770	195,907	139,948
Invoice discounting	1,825,358	1,348,765	1,162,227	1,160,083
	<u>6,081,910</u>	<u>4,464,448</u>	<u>5,537,982</u>	<u>4,233,193</u>

**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2021	2020	2021	2020
	£	£	£	£
Bank loans (see note 18)	1,668,562	1,799,778	1,409,135	1,517,844
Hire purchase contracts (see note 19)	364,299	302,568	214,279	284,928
Accruals and deferred income	398,042	409,925	381,457	363,999
	<u>2,430,903</u>	<u>2,512,271</u>	<u>2,004,871</u>	<u>2,166,771</u>

**18. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Company</b>	
	2021	2020	2021	2020
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>136,034</u>	<u>133,163</u>	<u>113,235</u>	<u>109,838</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>139,466</u>	<u>135,089</u>	<u>116,668</u>	<u>111,764</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>1,000,019</u>	<u>1,138,665</u>	<u>931,624</u>	<u>1,068,690</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans - >5 years by instalments	<u>529,077</u>	<u>526,024</u>	<u>360,843</u>	<u>337,390</u>
	<u>529,077</u>	<u>526,024</u>	<u>360,843</u>	<u>337,390</u>

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**18. LOANS - continued**

The group has four bank loans.

The first bank loan is repayable over 5 years at a variable margin of 2.81% per annum. The loan is due to mature in July 2024

A second bank loan is repayable over 15 years at a margin of 3.50% per annum over base rate. The loan is due to mature in July 2034.

A third bank loan of is repayable over 15 years at a margin of 3.40% per annum over base rate. The loan is due to mature in February 2035.

A fourth bank loan of is repayable over 15 years at a margin of 3.3% per annum. The loan is due to mature in October 2030.

**19. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

**Group**

	Hire purchase contracts	
	2021	2020
	£	£
Net obligations repayable:		
Within one year	498,792	478,732
Between one and five years	364,299	302,568
	863,091	781,300

**Company**

	Hire purchase contracts	
	2021	2020
	£	£
Net obligations repayable:		
Within one year	463,395	433,774
Between one and five years	214,279	284,928
	677,674	718,702

**Group**

	Non-cancellable operating leases	
	2021	2020
	£	£
Within one year	121,798	100,798
Between one and five years	336,671	297,054
In more than five years	185,979	259,969
	644,448	657,821

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**19. LEASING AGREEMENTS - continued**

**Company**

	Non-cancellable operating leases	
	2021	2020
	£	£
Within one year	81,430	88,240
Between one and five years	325,721	73,990
In more than five years	200,781	221,969
	607,932	384,199

**20. SECURED DEBTS**

The following secured debts are included within creditors:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans	1,804,596	1,932,941	1,522,370	1,627,682
Hire purchase contracts	863,091	781,300	677,674	718,702
Invoice discounting	1,825,358	1,348,765	1,162,227	1,160,083
	4,493,045	4,063,006	3,362,271	3,506,467

Bank loans are secured by a fixed and floating charge over the group's assets.

Hire purchase liabilities are secured over the assets to which they relate.

Invoice discounting is secured by way of a a fixed charge over all deposits with the bank and a cross guarantee across all group companies.

There is a cross guarantee and debenture between LH Quarry (Plant), Stockton Casting Company Limited and Teescraft Engineering Limited for the bank loan facilities.

There is a cross guarantee and debenture between RJY Investments (North East) and Teescraft Engineering Limited dated 30 November 2015 for the bank loan facilities.

There is a guarantee over the personal property of the director as security for the bank facilities.

**21. PROVISIONS FOR LIABILITIES**

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Deferred tax	630,705	296,800	343,448	150,873
	630,705	296,800	343,448	150,873

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**21. PROVISIONS FOR LIABILITIES - continued**

**Group**

	Deferred tax £
Balance at 1 January 2021	296,800
Accelerated capital allowances	333,905
	630,705
Balance at 31 December 2021	630,705

**Company**

	Deferred tax £
Balance at 1 January 2021	150,873
Accelerated capital allowances	192,575
	343,448
Balance at 31 December 2021	343,448

**22. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:	Nominal	2021	2020
Number:      Class:	value:	£	£
10,000      Ordinary	£1	10,000	10,000
100          A Ordinary	£1	100	100
		10,100	10,100
		10,100	10,100

Called up share capital represents the nominal value of shares that have been issued.

Ordinary shares have full voting, dividends and capital distribution rights (upon winding up).

Ordinary A shares have the right to receive dividends and right to the repayment of £1 per A share upon winding up of the company but carry no voting rights.

**23. RESERVES**

**Group**

	Retained earnings £
At 1 January 2021	6,250,107
Profit for the year	1,442,252
Dividends	(228,703)
Transfer of minority interest equity	(12,147)
	7,451,509
At 31 December 2021	7,451,509

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021

23. RESERVES - continued

Company

	Retained earnings £
At 1 January 2021	5,417,081
Profit for the year	1,193,559
Dividends	(221,000)
	<hr/>
At 31 December 2021	<u>6,389,640</u>

Retained earnings includes all current and prior period retained profits and losses.

24. NON-CONTROLLING INTERESTS

	2021	2020 £
Brought forward	137,307	
Fair value of non-controlling interest at acquisition		150,000
Goodwill on consolidation attributable to NCI		(6,193)
Post acquisition profit / (loss)		(6,500)
Transferred to equity	(137,307)	
	<hr/>	<hr/>
	-	137,307
	<hr/>	<hr/>

25. CAPITAL COMMITMENTS

	2021 £	2020 £
Contracted but not provided for in the financial statements	<u>24,369</u>	<u>157,485</u>

26. RELATED PARTY DISCLOSURES

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

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

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

	2021 £	2020 £
Dividends	221,000	400,000
Amount due to related party	<u>5,242</u>	<u>215,127</u>

No interest was charged on the amounts due to related parties.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**26. RELATED PARTY DISCLOSURES - continued**

**Other related parties**

	2021	2020
	£	£
Purchases	-	356,401
Dividends paid to minority shareholder	7,703	7,446
Rent payable	135,000	135,000
Amount due from related party	16,571	16,571
Amount due to related party	-	154,773
	<u>          </u>	<u>          </u>

During the year, a total of key management personnel compensation of £219,009 (2020: £208,153) was paid.

**27. ULTIMATE CONTROLLING PARTY**

The controlling party is R J Yorke.