

Registered number  
01480389

Sunray Engineering Limited  
Report and Financial Statements  
31 July 2021

FRIDAY



\*AAZJOIXF\*

A18

11/03/2022

#211

COMPANIES HOUSE

**Sunray Engineering Limited**  
**Report and accounts**  
**Contents**

	<b>Page</b>
Company information	1
Directors' report	2
Strategic report	4
Independent auditor's report	6
Income statement	8
<i>Statement of comprehensive income</i>	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13

**Sunray Engineering Limited  
Company Information**

**Directors**

R C E Hearn  
S Birrell  
R H Lampon  
S Ballard  
D Kerry

**Secretary**

M G Ede

**Auditors**

Haines Watts  
New Derwent House  
69-73 Theobalds Road  
London  
WC1X 8TA

**Bankers**

HSBC  
39 High St  
Ashford  
Kent  
TN24 8TG

Coutts  
440 The Strand  
London  
WC2R 0QS

**Accountants**

Network 4M Limited  
Park Farm Barn  
Brabourne  
Kent  
TN25 6RG

**Registered office**

Unit 6 Kingsnorth Industrial Estate  
Wotton Road  
Ashford  
Kent  
TN23 6LL

**Registered number**

01480389

**Sunray Engineering Limited**

**Registered number:** 01480389

**Directors Report**

The directors present their report and financial statements for the year ended 31 July 2021.

**Dividends**

The profit for the year, after taxation, amounted to £2,192,376 (2020: £319,528).

Particulars of recommended dividends are detailed in Note 18 to the financial statements.

**Future Developments**

The directors anticipate that the Company will continue to operate with its existing service and goods offering with the same clients and the existing management team and resources.

**Directors**

The following persons served as directors during the year:

R C E Hearn  
S Birrell  
R H Lampon  
S Ballard  
D Kerry

**Disclosure in the Strategic Report**

The Company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the Company's strategic report the Company's strategic report information required by schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

**Covid-19 Pandemic**

The directors acknowledge the current outbreak of COVID-19 which is causing economic disruption in most countries and its potentially adverse economic impact on the Company. This is an additional risk factor which could impact the operations of the Company after the year end.

The Directors are actively monitoring developments closely. Given the nature of the outbreak and the on-going developments, there is a high degree of uncertainty and it is not possible at this time to predict the extent and nature of the overall future impact on the Company.

**Sunray Engineering Limited**

**Registered number:** 01480389

**Directors Report**

**Directors' responsibilities**

The directors are responsible for preparing the report and 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 (Financial Reporting Standard 102 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's 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.

**Disclosure of information to auditors**

Each person who was a director at the time this report was approved confirms that:

- so far as he is 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
- he 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 auditor is aware of that information.

This report was approved by the board on 12 January 2022 and signed on its behalf.



S Ballard  
Director

## **Sunray Engineering Limited Strategic Report**

### **Business Review**

The directors present their strategic report of the Company and the Group for the year ended 31 July 2021.

The Company's principal activities during the year continued to be that of the Design, Manufacture and Installation of Steel Security Doors, Steel Louvre Systems, Steel Blast and Ballistic Doors, Panels, Security Window Bars and GRP Walkways and Platforms.

The trading conditions have remained competitive due to many businesses sacrificing profit for turnover just to survive, however we have experienced strong Sales levels with good gross profit and net profitability.

The gross profit margins remain consistent with the variations according to the product type and sales mix.

The Company as a group, has invested heavily on machinery and the relocation of Prestige Fire Door Services Limited from Fleet to Ashford. This has enabled far greater control and positive integration to the group.

### **Principal Risks and Uncertainties**

Whilst we remain cautious on the potential impact to business due to the continued effects of COVID-19, we are optimistic and confident within our respective market sectors, and have seen growth return over the year and across the groups divisions.

We have continued to mitigate financial risk with a cautious approach to contractual terms, strong debtor controls and adherence to cost control and budgets.

Raw material prices and availability have been an issue pre and post Brexit, however forecast planning and increased stock levels has protected the group from any restrictions on manufacturing ability.

The Company did not use the government's Business Interruption Loan scheme during the period.

The Company is within a group that is working to a detailed 5-year strategy, which remains fluid, yet is built on tangible assumptions and results already achieved. This should ensure we are working to the pre COVID-19 growth trajectory, with focus on innovative research and development, stronger software platforms and reinvestment for job creation.

The Company is within a Group which remains positioned to withstand an unforeseen period of low activity resulting from further potential COVID-19 impact or other economical changes.

However, the Company continues to retain net assets of £7.2 million of which £4.2 million is cash.

The Company's order book sits at approx. £3.2 million and remains buoyant with 3-4 months of forward vision and project planning.

**Key performance indicators**

The Company monitors its performance against strategic objectives by means of key performance indicators. The primary KPI's used are sales, gross profit, operating profit and net assets.

Comparing the key KPI's for 2021 to those from 2020 as follows:

- Sales have increased by £886,281 from £8,963,384 to £9,849,665 which is an increase of 10%.
- Gross profit margin has increased from 55% to 62%.
- Operating profit has increased from £374,457 to £2,703,366.
- Net assets have increased from £6,376,000 to £7,219,042.

This report was approved by the board on 12 January 2022 and signed on its behalf.



S Ballard  
Director

**Sunray Engineering Limited**  
**Independent auditor's report**  
**to the members of Sunray Engineering Limited**

**Opinion**

We have audited the financial statements of Sunray Engineering Limited (the 'Company') for the year ended 31 July 2021 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and the 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 July 2021 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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 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.

**COVID-19 pandemic**

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the Company and wider economy. The directors' view on the impact of COVID-19 is disclosed within the accounting policies note 1.

**Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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**

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

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

**Sunray Engineering Limited**  
**Independent auditor's report**  
**to the members of Sunray Engineering 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 directors' report.

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

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

**Responsibilities of directors**

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

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

**Auditor's responsibilities for the audit of the financial statements**

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


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

We assessed the risk of material misstatement in the financial statements, including fraud, by obtaining direct confirmation from fellow subsidiaries of year end balances and transactions for the year and by reviewing related party transactions and balances for the year, as well as obtaining confirmation of balances from the Company's bankers. We reviewed journals throughout the year for management bias and transactions of a non-business nature, none were identified.

A further description of our responsibilities for the audit of the financial statements is available 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 auditor's report.

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

  
Chris Evans

(Senior Statutory Auditor)  
for and on behalf of  
Haines Watts  
Statutory Auditor

10/21 .....2022

New Derwent House  
69-73 Theobalds Road  
London

WC1X 8TA

**Sunray Engineering Limited**  
**Income Statement**  
**for the year ended 31 July 2021**

	Notes	2021 £	2020 £
<b>Turnover</b>	3	9,849,665	8,963,384
Cost of sales		(3,701,911)	(4,024,301)
<b>Gross profit</b>		6,147,754	4,939,083
Administrative expenses		(3,477,118)	(4,859,099)
Other operating income		32,730	294,473
<b>Operating profit</b>	4	2,703,366	374,457
Loss on sale of fixed assets		-	(30,330)
Interest receivable		2,438	15,536
Interest payable	7	(619)	(912)
<b>Profit on ordinary activities before taxation</b>		2,705,185	358,751
Tax on profit on ordinary activities	8	(512,809)	(39,223)
<b>Profit for the financial year</b>		<u>2,192,376</u>	<u>319,528</u>

**Sunray Engineering Limited**  
**Statement of Comprehensive Income**  
**for the year ended 31 July 2021**

	<b>Notes</b>	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
<b>Profit for the financial year</b>		2,192,376	319,528
<b>Other comprehensive income</b>			
<b>Total comprehensive income for the year</b>		<u>2,192,376</u>	<u>319,528</u>

**Sunray Engineering Limited**

Registered number:

01480389

**Statement of Financial Position  
as at 31 July 2021**

	Notes	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	9	2,967,457	2,537,270
<b>Current assets</b>			
Stocks	10	482,790	284,140
Debtors	11	1,524,122	1,526,356
Cash at bank and in hand		4,155,683	4,879,586
		6,162,595	6,690,082
<b>Creditors: amounts falling due within one year</b>	12	(1,827,220)	(2,772,299)
<b>Net current assets</b>		4,335,375	3,917,783
<b>Total assets less current liabilities</b>		7,302,832	6,455,053
<b>Provisions for liabilities</b>			
Deferred taxation	14	(83,790)	(78,387)
<b>Net assets</b>		<u>7,219,042</u>	<u>6,376,666</u>
<b>Capital and reserves</b>			
Called up share capital	15	100	100
Other reserves	16	840,639	840,639
Profit and loss account	17	6,378,303	5,535,927
<b>Total equity</b>		<u>7,219,042</u>	<u>6,376,666</u>

S Ballard  
Director

Approved by the board on 12 January 2022

**Sunray Engineering Limited**  
**Statement of Changes in Equity**  
**for the year ended 31 July 2021**

	Share capital	Other reserves	Profit and loss account	Total
	£	£	£	£
<b>At 1 August 2019</b>	100	840,639	5,666,399	6,507,138
Profit for the financial year			319,528	319,528
Dividends			(450,000)	(450,000)
<b>At 31 July 2020</b>	<u>100</u>	<u>840,639</u>	<u>5,535,927</u>	<u>6,376,666</u>
<b>At 1 August 2020</b>	100	840,639	5,535,927	6,376,666
Profit for the financial year			2,192,376	2,192,376
Dividends			(1,350,000)	(1,350,000)
<b>At 31 July 2021</b>	<u>100</u>	<u>840,639</u>	<u>6,378,303</u>	<u>7,219,042</u>

**Sunray Engineering Limited**  
**Statement of Cash Flows**  
**for the year ended 31 July 2021**

	Notes	2021 £	2020 £
<b>Operating activities</b>			
Profit for the financial year		2,192,376	319,528
Adjustments for:			
Loss on sale of fixed assets		-	30,330
Interest receivable		(2,438)	(15,536)
Interest payable		619	912
Tax on profit on ordinary activities		512,809	39,223
Depreciation		176,480	173,793
(Increase)/decrease in stocks		(198,650)	231,137
Decrease in debtors		2,234	382,045
(Decrease)/increase in creditors		(1,424,079)	723,390
		1,259,351	1,884,822
Interest received		2,438	15,536
Interest paid		(288)	-
Interest element of finance lease payments		(331)	(912)
Corporation tax paid		(25,156)	(472,877)
Cash generated by operating activities		<u>1,236,014</u>	<u>1,426,569</u>
<b>Investing activities</b>			
Payments to acquire tangible fixed assets		(606,667)	(505,123)
Proceeds from sale of tangible fixed assets		-	3,527
Cash used in investing activities		<u>(606,667)</u>	<u>(501,596)</u>
<b>Financing activities</b>			
Equity dividends paid		(1,350,000)	(450,000)
Capital element of finance lease payments		(3,250)	(3,900)
Cash used in financing activities		<u>(1,353,250)</u>	<u>(453,900)</u>
<b>Net cash (used)/generated</b>			
Cash generated by operating activities		1,236,014	1,426,569
Cash used in investing activities		(606,667)	(501,596)
Cash used in financing activities		(1,353,250)	(453,900)
Net cash (used)/generated		(723,903)	471,073
Cash and cash equivalents at 1 August		4,879,586	4,408,513
Cash and cash equivalents at 31 July		<u>4,155,683</u>	<u>4,879,586</u>
Cash and cash equivalents comprise:			
Cash at bank		<u>4,155,683</u>	<u>4,879,586</u>

**Sunray Engineering Limited**  
**Notes to the Accounts**  
**for the year ended 31 July 2021**

**1 Summary of significant accounting policies**

***Basis of preparation***

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

***Turnover***

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

***Tangible fixed assets***

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	In accordance with the property
Improvements to property	10% on cost
Motor vehicles	25% on reducing balance
Plant & machinery, Fixtures, fittings, tools and equipment	25% on reducing balance

***Freehold land and buildings***

Freehold land and buildings is stated at its fair value at the reporting date and valued on an open market basis on 19 February 2020 by Stafford Perkins. Values at 31 July 2021 have been estimated by Directors taking these valuations and market conditions into account. Gains or losses arising from changes in the fair value of freehold land and buildings are included in profit or loss for the period in which they arise. No depreciation is provided on freehold land and buildings.

***Government Grants***

The Company has benefited from grants under the coronavirus job retention scheme. These have been accounted for under the accruals basis and are included within other operating income.

***Stocks***

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first in first out method. The carrying amount of stock sold is recognised as an expense in the period in which the related revenue is recognised.

***Financial Instruments***

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. The Company holds basic financial instruments which comprise cash at bank, trade and other receivables and trade and other payables. The Company has chosen to apply the provisions of Section 11 Basic Financial Instruments in full.

**Sunray Engineering Limited**  
**Notes to the Accounts**  
**for the year ended 31 July 2021**

***Financial assets - classified as basic financial instruments***

(i) Cash at bank and in hand

Cash at bank and in hand include cash in hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

(ii) Trade and other receivables

Trade and other receivables are initially recognised at the transaction price, including any transaction costs. Amounts that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment.

At the end of each reporting period, the Company assesses whether there is objective evidence that a receivable amount may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in profit or loss.

***Financial liabilities - classified as basic financial instruments***

(iii) Trade and other payables and loans and borrowings

Trade and other payables and loans and borrowings are initially measured at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the discounted amount of the cash expected to be paid.

***Taxation***

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

***Provisions***

Provisions (ie liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

***Leased assets***

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased assets are depreciated in accordance with the Company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

**Sunray Engineering Limited**  
**Notes to the Accounts**  
**for the year ended 31 July 2021**

***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.

***Defined contribution pension plan***

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

***Going Concern***

These financial statements have been prepared on a going concern basis. The current economic conditions present increased risks for all businesses. In response to such conditions, the directors have carefully considered these risks including an assessment on uncertainty on future trading projection for a period of at least 12 months from the date of signing the financial statements, and the extent to which they might affect the preparation of the financial statements on a going concern basis.

In response to the COVID-19 pandemic, the directors have tested their cash flow analysis to take into account the impact on their business of possible scenarios brought on by the impact of COVID-19 alongside measures that they can take to mitigate the impact. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

**2 Critical accounting judgements and key sources of estimation uncertainty**

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

**Significant judgements**

The management do not consider there to be any significant judgements made in the process of applying the entity's accounting policies.

**Key sources of estimation uncertainty**

Accounting estimates and assumptions are made concerning the future and, by the nature, will rarely equal the related actual outcome. The directors do not consider there to be any key assumptions or other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Sunray Engineering Limited**  
**Notes to the Accounts**  
**for the year ended 31 July 2021**

<b>3 Analysis of turnover</b>	<b>2021</b>	<b>2020</b>
	£	£
Sale of goods	<u>9,849,665</u>	<u>8,963,384</u>
By geographical market:		
UK	9,849,665	8,786,278
Rest of world	-	177,106
	<u>9,849,665</u>	<u>8,963,384</u>
<b>4 Operating profit</b>	<b>2021</b>	<b>2020</b>
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	176,480	173,793
Auditors' remuneration for audit services	33,500	27,705
Carrying amount of stock sold	<u>1,813,313</u>	<u>1,950,932</u>
<b>5 Directors' emoluments</b>	<b>2021</b>	<b>2020</b>
	£	£
Emoluments	904,281	2,004,650
Company contributions to defined contribution pension plans	35,761	42,259
	<u>940,042</u>	<u>2,046,909</u>
Highest paid director:		
Emoluments	493,928	1,575,615
Company contributions to defined contribution pension plans	4,833	12,750
	<u>498,761</u>	<u>1,588,365</u>
<b>6 Staff costs</b>	<b>2021</b>	<b>2020</b>
	£	£
Wages and salaries	2,133,798	3,385,448
Direct wages	957,300	1,033,817
Other pension costs	171,173	193,846
	<u>3,262,271</u>	<u>4,613,111</u>
<b>Average number of employees during the year</b>	<b>Number</b>	<b>Number</b>
Administration	13	13
Development	5	7
Distribution	5	5
Manufacturing	27	28
Sales	9	12
	<u>59</u>	<u>65</u>

**Sunray Engineering Limited**  
**Notes to the Accounts**  
**for the year ended 31 July 2021**

<b>7 Interest payable</b>	<b>2021</b>	<b>2020</b>
	£	£
Bank loans and overdrafts	288	-
Finance charges payable under finance leases and hire purchase contracts	331	912
	<u>619</u>	<u>912</u>

<b>8 Taxation</b>	<b>2021</b>	<b>2020</b>
	£	£
<b>Analysis of charge in period</b>		
Current tax:		
UK corporation tax on profits of the period	507,407	23,128
Adjustments in respect of previous periods	-	(27,847)
	<u>507,407</u>	<u>(4,719)</u>
Deferred tax:		
Origination and reversal of timing differences	5,402	43,942
Tax on profit on ordinary activities	<u>512,809</u>	<u>39,223</u>

**Factors affecting tax charge for period**

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	<b>2021</b>	<b>2020</b>
	£	£
Profit on ordinary activities before tax	<u>2,705,185</u>	<u>358,751</u>
Standard rate of corporation tax in the UK	19%	19%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	513,985	68,163
Effects of:		
Expenses not deductible for tax purposes	(6,578)	(45,035)
Adjustments to tax charge in respect of previous periods	-	(27,847)
Current tax charge for period	<u>507,407</u>	<u>(4,719)</u>

**Sunray Engineering Limited**  
**Notes to the Accounts**  
**for the year ended 31 July 2021**

**9 Tangible fixed assets**

	Land and buildings	Property Improvements	Motor Vehicles
	£	£	£
<b>Cost or valuation</b>			
At 1 August 2020	1,900,000	239,600	69,000
Additions	357,138	141,525	-
At 31 July 2021	<u>2,257,138</u>	<u>381,125</u>	<u>69,000</u>
<b>Depreciation</b>			
At 1 August 2020	-	53,255	33,500
Charge for the year	-	36,712	8,875
At 31 July 2021	<u>-</u>	<u>89,967</u>	<u>42,375</u>
<b>Carrying amount</b>			
At 31 July 2021	<u>2,257,138</u>	<u>291,158</u>	<u>26,625</u>
At 31 July 2020	<u>1,900,000</u>	<u>186,345</u>	<u>35,500</u>
	Plant and Machinery	Fixtures and Fittings	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 August 2020	1,041,199	136,332	3,386,131
Additions	52,200	55,804	606,667
At 31 July 2021	<u>1,093,399</u>	<u>192,136</u>	<u>3,992,798</u>
<b>Depreciation</b>			
At 1 August 2020	659,737	102,369	848,861
Charge for the year	108,451	22,442	176,480
At 31 July 2021	<u>768,188</u>	<u>124,811</u>	<u>1,025,341</u>
<b>Carrying amount</b>			
At 31 July 2021	<u>325,211</u>	<u>67,325</u>	<u>2,967,457</u>
At 31 July 2020	<u>381,462</u>	<u>33,963</u>	<u>2,537,270</u>
		2021	2020
		£	£
Carrying amount of land and buildings on cost basis		<u>1,517,599</u>	<u>1,160,461</u>

Freehold land and buildings were valued on an open market basis on 19 February 2020 by Stafford Perkins

	2021	2020
	£	£
Carrying value of plant and machinery included above held under finance leases and hire purchase contracts	<u>-</u>	<u>16,339</u>

**Sunray Engineering Limited**  
**Notes to the Accounts**  
**for the year ended 31 July 2021**

<b>10 Stocks</b>	<b>2021</b>	<b>2020</b>
	£	£
Raw materials and consumables	380,658	266,123
Work in progress	99,314	46,077
Finished goods and goods for resale	2,818	(28,060)
	<u>482,790</u>	<u>284,140</u>
<b>11 Debtors</b>	<b>2021</b>	<b>2020</b>
	£	£
Trade debtors	586,432	565,856
Amounts owed by Group undertakings and undertakings in which the Company has a participating interest	771,104	781,300
Prepayments and accrued income	166,586	179,200
	<u>1,524,122</u>	<u>1,526,356</u>
<b>12 Creditors: amounts falling due within one year</b>	<b>2021</b>	<b>2020</b>
	£	£
Obligations under finance lease and hire purchase contracts	-	3,250
Trade creditors	523,467	495,549
Amounts owed to Group undertakings and undertakings in which the Company has a participating interest	26,372	26,372
Corporation tax	80,089	(402,161)
Other taxes and social security costs	143,567	470,923
Other creditors	777,836	649,540
Accruals and deferred income	275,889	1,528,826
	<u>1,827,220</u>	<u>2,772,299</u>
<b>13 Obligations under finance leases and hire purchase contracts</b>	<b>2021</b>	<b>2020</b>
	£	£
Amounts payable:		
Within one year	<u>-</u>	<u>3,250</u>
<b>14 Deferred taxation</b>	<b>2021</b>	<b>2020</b>
	£	£
Accelerated capital allowances	<u>83,790</u>	<u>78,387</u>
	<b>2021</b>	<b>2020</b>
	£	£
At 1 August	78,387	34,445
Charged to the profit and loss account	5,403	43,942
At 31 July	<u>83,790</u>	<u>78,387</u>

**Sunray Engineering Limited**  
**Notes to the Accounts**  
**for the year ended 31 July 2021**

<b>15 Share capital</b>	<b>Nominal value</b>	<b>2021 Number</b>	<b>2021 £</b>	<b>2020 £</b>
Allotted, called up and fully paid: Ordinary shares	£1 each	100	<u>100</u>	<u>100</u>

<b>16 Other reserves</b>	<b>2021 £</b>	<b>2020 £</b>
Revaluation reserve		
At 1 August	840,639	840,639
At 31 July	<u>840,639</u>	<u>840,639</u>

This reserve records the aggregate fair value gains/(losses) on land and buildings.

<b>17 Profit and loss account</b>	<b>2021 £</b>	<b>2020 £</b>
At 1 August	5,535,927	5,666,399
Profit for the financial year	2,192,376	319,528
Dividends	(1,350,000)	(450,000)
At 31 July	<u>6,378,303</u>	<u>5,535,927</u>

<b>18 Dividends</b>	<b>2021 £</b>	<b>2020 £</b>
Dividends on ordinary shares (note 17)	<u>1,350,000</u>	<u>450,000</u>

**19 Other financial commitments**

Total future minimum lease payments under non-cancellable operating leases:

	<b>Other 2021 £</b>	<b>Other 2020 £</b>
Falling due:		
within one year	22,058	32,286
within two to five years	<u>3,103</u>	<u>8,950</u>
	<u>25,161</u>	<u>41,236</u>

**20 Controlling party**

The parent undertaking of the smallest group in which consolidated financial statements are prepared, which include this company, is Sunray Engineering Group Limited. The Company's registered address is Unit 6 Kingsnorth, Industrial Estate Wotton Road, Ashford, Kent, TN23 6LL.

**Sunray Engineering Limited**  
**Notes to the Accounts**  
**for the year ended 31 July 2021**

**21 Presentation currency**

The financial statements are presented in Sterling.

**22 Legal form of entity and country of incorporation**

Sunray Engineering Limited is a private Company limited by shares and incorporated in England.

**23 Principal place of business**

The address of the Company's principal place of business and registered office is:

Unit 6 Kingsnorth Industrial Estate  
Wotton Road  
Ashford  
Kent  
TN23 6LL