

**PENNINE TOOLS AEROSPACE LIMITED**

**ANNUAL REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED 31 OCTOBER 2021**

# **PENNINE TOOLS AEROSPACE LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Mrs J L Hartley A P Meldrum Mrs C Meldrum Mrs A J Fenwick
<b>Company number</b>	4565472 (England and Wales)
<b>Registered office</b>	Unit 1 Ravenscroft Business Park Jackdaw Road Barnoldswick Lancashire BB18 6DX
<b>Auditor</b>	Ashworth Moulds 11 Nicholas Street Burnley Lancashire BB11 2AL
<b>Bankers</b>	National Westminster Bank

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# PENNINE TOOLS AEROSPACE LIMITED

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# PENNINE TOOLS AEROSPACE LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 OCTOBER 2021

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The directors present the strategic report for the year ended 31 October 2021.

#### **Fair review of the business**

During the year the company's sales increased to £5,877,549 (2020: £5,009,174) returning a gross profit margin of 31.2% (2020: 32.9%). The company reported a pre-tax profit of £1,076,557 (2020: £966,492).

The company's financial position remains strong, with £5,290,825 net assets at 31 October 2021 and the directors remain cautiously optimistic for the future.

#### **Financial risk management objectives and policies**

The company finances its operations through a mixture of retained profits, bank and other borrowings, and where necessary to fund capital expenditure programmes through hire purchase financing arrangements. The management's objectives are to:

- retain sufficient funds to enable it to meet its day to day obligations as they fall due, and
- match the repayment schedule of any external finance with the expected future cash flows expected to arise from the company from the company's trading activities.

The company is exposed to price risk in connection with certain sales being denominated in foreign currencies. This exposes the company to the uncertainty of exchange rate movements. The company considers the amounts involved to be insignificant.

The company's credit risk is primarily attributable to its trade debtors. The company mitigates this risk by implementing a robust credit control policy.

#### **Key performance indicators**

The company's key financial and other performance indicators during the year were as follows:

	2021	2020
Turnover	£5,877,549	£5,009,174
Gross profit margin (%)	31.2%	32.9%

On behalf of the board

Mrs J L Hartley  
**Director**

27 July 2022

# **PENNINE TOOLS AEROSPACE LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 OCTOBER 2021**

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

### **Principal activities**

The principal activity of the company in the year under review was that of aerospace engineers.

### **Results and dividends**

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £385,000. The directors do not recommend payment of a final dividend.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D B Meldrum	(Deceased 21 December 2021)
Mrs J L Hartley	
A P Meldrum	
Mrs C Meldrum	
Mrs A J Fenwick	

It is with deep sadness that the directors report the passing of DB Meldrum on 21 December 2021.

### **Auditor**

The auditor, Ashworth Moulds, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

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

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

### **Strategic report**

The information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the separate Strategic Report in accordance with section 414C (11) of the Companies Act 2006 (Strategic and Directors' Report) Regulations 2013.

# **PENNINE TOOLS AEROSPACE LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 OCTOBER 2021***

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### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mrs J L Hartley

**Director**

27 July 2022

# PENNINE TOOLS AEROSPACE LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF PENNINE TOOLS AEROSPACE LIMITED

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#### Opinion

We have audited the financial statements of Pennine Tools Aerospace Limited (the 'company') for the year ended 31 October 2021 which comprise the statement of comprehensive income, the balance sheet, 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 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 October 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

#### 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 our 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.

# **PENNINE TOOLS AEROSPACE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBER OF PENNINE TOOLS AEROSPACE LIMITED**

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#### **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 and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations, the team remained alert to instances of non-compliance throughout the audit;
- we identified the laws and regulations applicable to the company through discussions with directors and other management and from our commercial knowledge and experience of the aerospace sector; and
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, health and safety legislation and Minimum Wage requirements.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

# PENNINE TOOLS AEROSPACE LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF PENNINE TOOLS AEROSPACE LIMITED

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#### Audit response to risks identified

We addressed detecting material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, as follows:

#### Risks identified

#### Audit response

Risk of fraud through management bias and override of controls

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias.

Risk of irregularities and non-compliance with laws and regulations

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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 member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

**David Pickles FCA (Senior Statutory Auditor)**  
For and on behalf of Ashworth Moulds

27 July 2022

**Chartered Accountants**  
**Statutory Auditor**

11 Nicholas Street  
Burnley  
Lancashire  
BB11 2AL

## PENNINE TOOLS AEROSPACE LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2021

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		2021	2020
	Notes	£	as restated £
<b>Turnover</b>	<b>3</b>	5,877,549	5,009,174
Cost of sales		(4,041,645)	(3,362,266)
<b>Gross profit</b>		1,835,904	1,646,908
Administrative expenses		(771,602)	(743,197)
Other operating income		20,981	64,162
<b>Operating profit</b>	<b>4</b>	1,085,283	967,873
Interest receivable and similar income	<b>7</b>	495	8,895
Interest payable and similar expenses	<b>8</b>	(9,221)	(10,276)
<b>Profit before taxation</b>		1,076,557	966,492
Taxation	<b>9</b>	(266,305)	(205,597)
<b>Profit for the financial year</b>		810,252	760,895

The notes on pages 12 - 26 form an integral part of these financial statements.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# PENNINE TOOLS AEROSPACE LIMITED

## BALANCE SHEET

AS AT 31 OCTOBER 2021

	Notes	2021		2020 as restated	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	11		74,338		148,680
Other intangible assets	11		66,352		21,671
			<u>140,690</u>		<u>170,351</u>
Total intangible assets			140,690		170,351
Tangible assets	12		1,928,399		1,699,508
			<u>2,069,089</u>		<u>1,869,859</u>
<b>Current assets</b>					
Stocks	13	96,869		127,331	
Debtors	14	2,240,033		2,264,624	
Cash at bank and in hand		2,665,842		2,039,180	
		<u>5,002,744</u>		<u>4,431,135</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(1,042,155)</u>		<u>(1,131,887)</u>	
<b>Net current assets</b>			<u>3,960,589</u>		<u>3,299,248</u>
<b>Total assets less current liabilities</b>			<u>6,029,678</u>		<u>5,169,107</u>
<b>Creditors: amounts falling due after more than one year</b>	16		(351,076)		(68,418)
<b>Provisions for liabilities</b>					
Deferred tax liability	18	<u>387,777</u>		<u>235,116</u>	
			<u>(387,777)</u>		<u>(235,116)</u>
<b>Net assets</b>			<u>5,290,825</u>		<u>4,865,573</u>
<b>Capital and reserves</b>					
Called up share capital	21		100,000		100,000
Profit and loss reserves			<u>5,190,825</u>		<u>4,765,573</u>
<b>Total equity</b>			<u>5,290,825</u>		<u>4,865,573</u>

The notes on pages 12 - 26 form an integral part of these financial statements.

**PENNINE TOOLS AEROSPACE LIMITED**

**BALANCE SHEET (CONTINUED)**

***AS AT 31 OCTOBER 2021***

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The financial statements were approved by the board of directors and authorised for issue on 27 July 2022 and are signed on its behalf by:

Mrs J L Hartley  
**Director**

**Company Registration No. 4565472**

# PENNINE TOOLS AEROSPACE LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2021

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	Share capital	Profit and loss reserves	Total
Notes	£	£	£
<b>As restated for the period ended 31 October 2020:</b>			
<b>Balance at 1 November 2019</b>	100,000	4,350,314	4,450,314
Prior period adjustment	-	(70,636)	(70,636)
	<hr/>	<hr/>	<hr/>
<b>As restated</b>	100,000	4,279,678	4,379,678
<b>Year ended 31 October 2020:</b>			
Profit and total comprehensive income for the year	-	760,895	760,895
Dividends	10	(275,000)	(275,000)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 October 2020</b>	100,000	4,765,573	4,865,573
<b>Year ended 31 October 2021:</b>			
Profit and total comprehensive income for the year	-	810,252	810,252
Dividends	10	(385,000)	(385,000)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 October 2021</b>	<u>100,000</u>	<u>5,190,825</u>	<u>5,290,825</u>

**PENNINE TOOLS AEROSPACE LIMITED**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 OCTOBER 2021**

		2021		2020 as restated	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	27	1,807,842		1,199,354	
Interest paid		(9,221)		(10,276)	
Income taxes paid		(224,692)		(133,856)	
<b>Net cash inflow from operating activities</b>		<u>1,573,929</u>		<u>1,055,222</u>	
<b>Investing activities</b>					
Purchase of intangible assets		(59,874)		(1,940)	
Purchase of tangible fixed assets		(430,788)		(50,398)	
Proceeds on disposal of tangible fixed assets		-		118,500	
Interest received		495		8,895	
<b>Net cash (used in)/generated from investing activities</b>		<u>(490,167)</u>		<u>75,057</u>	
<b>Financing activities</b>					
Payment of finance leases obligations		(72,100)		(146,640)	
Dividends paid		(385,000)		(275,000)	
<b>Net cash used in financing activities</b>		<u>(457,100)</u>		<u>(421,640)</u>	
<b>Net increase in cash and cash equivalents</b>		<u>626,662</u>		<u>708,639</u>	
Cash and cash equivalents at beginning of year		<u>2,039,180</u>		<u>1,330,541</u>	
<b>Cash and cash equivalents at end of year</b>		<u><u>2,665,842</u></u>		<u><u>2,039,180</u></u>	

# PENNINE TOOLS AEROSPACE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2021

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### 1 Accounting policies

#### Company information

Pennine Tools Aerospace Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 1, Ravenscroft Business Park, Jackdaw Road, Barnoldswick, Lancashire, BB18 6DX.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover represents amounts receivable for goods net of VAT and trade discounts and also includes the value of work performed during the year with respect to services.

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

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to hours worked, as a proportion of total hours. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

#### 1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years.

#### 1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

# PENNINE TOOLS AEROSPACE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2021

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### 1 Accounting policies

(Continued)

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

Software	20% straight line
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#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Land and buildings Leasehold	8.33% straight line
Plant and machinery	10-20% straight line
Fixtures, fittings & equipment	20% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

# PENNINE TOOLS AEROSPACE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2021

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### 1 Accounting policies (Continued)

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

A financial instrument is a contract giving rise to a financial asset (such as trade and other debtors, cash and bank balances) or a financial liability (such as trade and other creditors, bank and other loans, hire purchase and lease creditors) or an equity instrument (such as ordinary or preference shares).

Financial instruments are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

All the company's financial instruments are basic financial instruments and are recognised at amortised cost using the effective interest method.

**Amortised cost:** the original transaction value, less amounts settled, less any adjustment for impairment.

**Effective interest method:** where a financial instrument falls due more than 12 months after the balance sheet date and is subject to a rate of interest which is below a market rate, the original transaction value is discounted using a market rate of interest to give the net present value of future cash flows.

#### **Derecognition of financial assets**

Financial assets cease to be recognised only when the contractual rights to the cash flows expire, or when substantially all the risks and rewards of ownership are transferred to another entity.

Financial liabilities cease to be recognised when and only when the company's obligations are discharged, cancelled, or they expire.

#### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised 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 calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to reserves, in which case the deferred tax is also dealt with in reserves.

#### 1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

# PENNINE TOOLS AEROSPACE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2021

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**1 Accounting policies** **(Continued)**

**1.12 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.13 Leases**

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

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

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

**1.14 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Government grants relating to the Coronavirus Job Retention Scheme are recognised as other income in the period to which the employee costs are recognised for the relevant furlough period.

**1.15 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

# PENNINE TOOLS AEROSPACE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2021

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### 2 Judgements and key sources of estimation uncertainty

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

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

#### Critical judgements

The following judgements have had the most significant effect on amounts recognised in the financial statements.

#### *Revenue from contracts for the provision of services*

The company makes estimates in respect of the stage of completion and recovery rates in estimating revenue recognised in respect of the provision of services.

#### *Recoverability of debtors*

The company makes estimates of the recoverable value of trade debtors. When assessing impairment of trade debtors, management considers the ageing profile of debtors and historical experience.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021	2020
	£	£
<b>Turnover</b>		
Aerospace engineering - provision of services	5,578,246	4,842,049
Surface treatments	299,303	167,125
	<u>5,877,549</u>	<u>5,009,174</u>
	2021	2020
	£	£
<b>Other significant revenue</b>		
Interest income	495	8,895
Other government grants received and released	6,500	6,500
Job retention scheme grant income	7,627	56,741
Coronavirus Business Interruption grant income	6,854	921
	<u>6,854</u>	<u>921</u>

# PENNINE TOOLS AEROSPACE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2021

### 3 Turnover and other revenue (Continued)

	2021	2020
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	5,433,124	4,762,995
Canada	313,147	168,585
Australia	129,795	75,528
Europe	1,483	2,066
	<u>5,877,549</u>	<u>5,009,174</u>

### 4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(9,271)	1,095
Government grants	(20,981)	(64,162)
Fees payable to the company's auditor for the audit of the company's financial statements	12,600	11,300
Depreciation of owned tangible fixed assets	401,792	346,507
Depreciation of tangible fixed assets held under finance leases	30,005	51,773
Profit on disposal of tangible fixed assets	-	(36,015)
Amortisation of intangible assets	89,535	84,401
Operating lease charges	156,444	131,444
	<u>156,444</u>	<u>131,444</u>

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Directors	5	5
Production	45	49
Administration	4	4
	<u>54</u>	<u>58</u>

# PENNINE TOOLS AEROSPACE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2021

### 5 Employees (Continued)

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,743,969	1,848,154
Social security costs	171,505	178,894
Pension costs	46,120	50,768
	<u>1,961,594</u>	<u>2,077,816</u>

### 6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	328,442	327,322
Company pension contributions to defined contribution schemes	3,654	3,503
	<u>332,096</u>	<u>330,825</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	<u>183,351</u>	<u>183,572</u>

### 7 Interest receivable and similar income

	2021 £	2020 £
<b>Interest income</b>		
Other interest income	<u>495</u>	<u>8,895</u>

### 8 Interest payable and similar expenses

	2021 £	2020 £
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	<u>9,221</u>	<u>10,276</u>

**PENNINE TOOLS AEROSPACE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 OCTOBER 2021**

<b>9 Taxation</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	113,644	224,692
Adjustments in respect of prior periods	-	53
	<u>113,644</u>	<u>224,745</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	152,661	(19,148)
	<u>152,661</u>	<u>(19,148)</u>
<b>Total tax charge</b>	<u>266,305</u>	<u>205,597</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Profit before taxation	<u>1,076,557</u>	<u>966,492</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	204,546	183,633
Tax effect of expenses that are not deductible in determining taxable profit	497	326
Adjustments in respect of prior years	(20,689)	7,322
Depreciation on assets not qualifying for tax allowances	103	191
Amortisation on assets not qualifying for tax allowances	14,125	14,125
Other permanent differences	(25,344)	-
Effect of change in deferred tax rate	93,067	-
	<u>266,305</u>	<u>205,597</u>

<b>10 Dividends</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Interim paid	<u>385,000</u>	<u>275,000</u>

**PENNINE TOOLS AEROSPACE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 OCTOBER 2021**

<b>11 Intangible fixed assets</b>		<b>Goodwill</b>	<b>Software</b>	<b>Total</b>	
		<b>£</b>	<b>£</b>	<b>£</b>	
<b>Cost</b>					
At 1 November 2020		1,486,835	51,590	1,538,425	
Additions		-	59,874	59,874	
At 31 October 2021		1,486,835	111,464	1,598,299	
<b>Amortisation and impairment</b>					
At 1 November 2020		1,338,155	29,919	1,368,074	
Amortisation charged for the year		74,342	15,193	89,535	
At 31 October 2021		1,412,497	45,112	1,457,609	
<b>Carrying amount</b>					
At 31 October 2021		74,338	66,352	140,690	
At 31 October 2020		148,680	21,671	170,351	
<b>12 Tangible fixed assets</b>					
	<b>Land and buildings</b>	<b>Plant and machinery</b>	<b>Fixtures, fittings &amp; equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>Leasehold</b>				
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>					
At 1 November 2020	12,080	3,868,197	185,896	16,138	4,082,311
Additions	-	642,369	18,319	-	660,688
At 31 October 2021	12,080	4,510,566	204,215	16,138	4,742,999
<b>Depreciation and impairment</b>					
At 1 November 2020	11,539	2,216,435	151,467	3,362	2,382,803
Depreciation charged in the year	541	412,855	14,366	4,035	431,797
At 31 October 2021	12,080	2,629,290	165,833	7,397	2,814,600
<b>Carrying amount</b>					
At 31 October 2021	-	1,881,276	38,382	8,741	1,928,399
At 31 October 2020	541	1,651,762	34,429	12,776	1,699,508

# PENNINE TOOLS AEROSPACE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2021

### 12 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2021 £	2020 £
Plant and machinery	334,309	318,388
	<u>          </u>	<u>          </u>
Depreciation charge for the year in respect of leased assets	30,005	51,773
	<u>          </u>	<u>          </u>

### 13 Stocks

	2021 £	2020 £
Raw materials and consumables	96,869	127,331
	<u>          </u>	<u>          </u>

### 14 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Trade debtors	736,347	755,192
Gross amounts owed by contract customers	700,163	704,202
Amounts owed by group undertakings	678,218	678,218
Other debtors	66,268	76,751
Prepayments and accrued income	59,037	50,261
	<u>          </u>	<u>          </u>
	2,240,033	2,264,624
	<u>          </u>	<u>          </u>

### 15 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Obligations under finance leases	17	110,007	72,126
Trade creditors		224,344	264,504
Corporation tax		113,644	224,692
Other taxation and social security		118,843	123,488
Other creditors		24,670	56,702
Directors' current accounts		305,228	246,661
Accruals and deferred income		145,419	143,714
		<u>          </u>	<u>          </u>
		1,042,155	1,131,887
		<u>          </u>	<u>          </u>

# PENNINE TOOLS AEROSPACE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2021

### 16 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Obligations under finance leases	17	169,400	49,481
Government grants	19	14,437	18,937
Accruals and deferred income		167,239	-
		<u>351,076</u>	<u>68,418</u>

### 17 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	114,068	74,437
In two to five years	179,788	50,600
	<u>293,856</u>	<u>125,037</u>
Less: future finance charges	(14,449)	(3,430)
	<u>279,407</u>	<u>121,607</u>

The company's obligations under finance leases are secured on the items of plant and machinery they relate to (see note 12).

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

It is the company's policy to lease certain plant and machinery under finance leases. The average lease term is 3 years. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and arrangements have been entered into for contingent rental payments.

### 18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2021 £	Liabilities 2020 £
<b>Balances:</b>		
Accelerated capital allowances	391,386	238,714
Other timing differences	(3,609)	(3,598)
	<u>387,777</u>	<u>235,116</u>

# PENNINE TOOLS AEROSPACE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2021

<b>18</b>	<b>Deferred taxation</b>	<b>(Continued)</b>
		<b>2021</b>
		<b>£</b>
	<b>Movements in the year:</b>	
	Liability at 1 November 2020	235,116
	Charge to profit or loss	59,594
	Effect of change in tax rate - profit or loss	93,067
		<u>          </u>
	Liability at 31 October 2021	<u><u>387,777</u></u>

<b>19</b>	<b>Deferred grants</b>		
		<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
	Arising from government grants	14,437	18,937
		<u>          </u>	<u>          </u>

The company has received a grant from the Regional Growth Fund on the basis that new jobs have been created by the purchase of new machinery. This grant relates to capital expenditure included in tangible fixed assets, and has been recognised as deferred income and released over the expected useful life of the assets.

The amount released during the year amounted to £4,500 (2020 - £4,500).

The company has also received an apprenticeship grant of £2,000 (2020 - £2,000), £7,627 (2020 - £56,741) Job retention scheme grant income and £6,854 (2020 - £921) Coronavirus Business Interruption grant income.

There are no unfulfilled conditions relating to the grants that have been recognised as income.

<b>20</b>	<b>Retirement benefit schemes</b>		
		<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
	<b>Defined contribution schemes</b>		
	Charge to profit or loss in respect of defined contribution schemes	46,120	50,768
		<u>          </u>	<u>          </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

<b>21</b>	<b>Share capital</b>		
		<b>2021</b>	<b>2020</b>
		<b>Number</b>	<b>Number</b>
	<b>Ordinary share capital</b>	<b>£</b>	<b>£</b>
	<b>Issued and fully paid</b>		
	Ordinary shares of £1 each	100,000	100,000
		<u>          </u>	<u>          </u>

# PENNINE TOOLS AEROSPACE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2021

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### 22 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	131,091	131,444
Between two and five years	520,000	521,091
In over five years	97,500	227,500
	<u>748,591</u>	<u>880,035</u>

### 23 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021	2020
	£	£
Acquisition of tangible fixed assets	1,860	-
	<u>1,860</u>	<u>-</u>

### 24 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021	2020
	£	£
Aggregate compensation	398,681	395,871
	<u>398,681</u>	<u>395,871</u>

### 25 Directors' transactions

Interest has been charged to the directors at a rate of 2-2.25% (2020 - 2.5%) per annum in respect of any period where the net loan position was such that an amount was owed to the company.

No interest has been paid to the directors by the company in respect of any period where the net loan position was such that the company owed the director.

# PENNINE TOOLS AEROSPACE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2021

### 26 Ultimate controlling party

The company's immediate and ultimate parent undertaking is Aerospace Holdings Limited, a company registered in England and Wales, with its registered office address at Unit 1, Ravenscroft Business Park, Jackdaw Road, Barnoldswick, Lancashire.

Aerospace Holdings Limited is the parent of the smallest and largest group in which the company is a member. These financial statements form part of the consolidated financial statements of Aerospace Holdings Limited, copies of which are available from Companies House.

The directors do not consider there to be an ultimate controlling party.

### 27 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	810,252	760,895
<b>Adjustments for:</b>		
Taxation charged	266,305	205,597
Finance costs	9,221	10,276
Investment income	(495)	(8,895)
Gain on disposal of tangible fixed assets	-	(36,015)
Amortisation and impairment of intangible assets	89,535	84,401
Depreciation and impairment of tangible fixed assets	431,797	398,280
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	30,462	(104,793)
Decrease/(increase) in debtors	24,591	(383,348)
Increase in creditors	150,674	277,456
Decrease in deferred income	(4,500)	(4,500)
<b>Cash generated from operations</b>	<b>1,807,842</b>	<b>1,199,354</b>

### 28 Analysis of changes in net funds

	1 November 2020 £	Cash flows £	New finance leases £	31 October 2021 £
Cash at bank and in hand	2,039,180	626,662	-	2,665,842
Obligations under finance leases	(121,607)	72,100	(229,900)	(279,407)
	<u>1,917,573</u>	<u>698,762</u>	<u>(229,900)</u>	<u>2,386,435</u>

# PENNINE TOOLS AEROSPACE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2021

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### 29 Prior period adjustment

During the year the directors identified an error in the accounting for certain expenses. This has resulted in a prior period restatement, the effects of which are noted below:

#### Changes to the balance sheet

	As previously reported £	Adjustment £	As restated at 31 Oct 2020 £
<b>Creditors due within one year</b>			
Other creditors	(602,689)	(108,892)	(711,581)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Capital and reserves</b>			
Profit and loss reserves	4,874,465	(108,892)	4,765,573
	<u>                    </u>	<u>                    </u>	<u>                    </u>

#### Changes to the profit and loss account

	As previously reported £	Adjustment £	As restated £
<b>Period ended 31 October 2020</b>			
Administrative expenses	(704,941)	(38,256)	(743,197)
Profit for the financial period	799,151	(38,256)	760,895
	<u>                    </u>	<u>                    </u>	<u>                    </u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.