

**STEEL SERVICE CENTRE LIMITED**

**Report and accounts**

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# STEEL SERVICE CENTRE LIMITED

## Company Information

### Directors

Mr. A.Y. Jarrett

Mr. C. Grattage F.C.A.

### Secretary

Mr. C. Grattage F.C.A.

### Auditors

G.E Shenton & Co Ltd

St. Pauls House

North Street

Newcastle under Lyme

Staffordshire

ST5 1AZ

### Registered office

New Road Industrial Estate

Hixon

Stafford

ST18 0PJ

### Registered number

04008545

# STEEL SERVICE CENTRE LIMITED

## Directors' Report

### Dividends

The directors recommend that no dividends be declared for the year ended 31 August 2019.

### Directors

The following persons served as directors during the year:

Mr. A.Y. Jarrett  
Mr. C. Grattage F.C.A.  
Mr. A.L. Evans

### Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the accounts 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of 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 of which the company's auditor is 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.

**Auditors**

The auditors, G.E. Shenton & Co Ltd, will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 8 April 2020 and signed on its behalf.

A.Y. JARRETT  
Director

**STEEL SERVICE CENTRE LIMITED**

**Strategic Report**

The directors present their strategic report for the year ended 31 August 2019.

**Review of the business**

The company's principal activity during the year continued to be sub-contract laser cutting.

Difficult market conditions over the course of the year caused business turnover to reduce by 18% after a number of consecutive years of growth. Turnover for 2018/2019 was £11,451,768 at a gross margin of 26% compared with 2017/2018 turnover of £14,043,270 at a gross margin of 31%.

As a result of the downturn in business, the company decided to close its Bristol operation during the year and restructure the remaining operations across its Derby and Hixon sites. By the end of the financial year this exercise was substantially complete, with the company's asset base and workforce proportionately reduced, putting it in a much better position to flex its operating capacity and make a profit at much lower turnover levels.

One-off costs of £254,376 were incurred during the year as a result of this restructuring exercise, and these costs are included within the various captions of the income statement. The net loss before tax for 2018/2019 was £815,192, including the restructuring costs, compared with 2017/2018 net profit before tax of £93,589. All business was principally conducted within the UK.

**Key Performance Indicators**

The nature of the business as a sub-contract laser cutter is relatively straightforward and it is the directors' opinion that extensive analysis of KPI's is not necessary in order to understand the performance and position of the business.

**Principal Risks and Uncertainties**

The business is subject to a number of ongoing risks and uncertainties. The directors consider that the principal day to day risks are the extremely competitive nature of the laser cutting market and the volatility in the market price of steel as steel purchases represent the single biggest cost to the business.

The directors believe that the company is well placed to stay in control of these risks and, following the restructuring exercise, are confident of continuing to deliver strong financial performance into the future.

However, at the date of approval of these financial statements the UK is in the midst of the COVID-19 Coronavirus pandemic which has significantly impacted the company's day to day business operations. Whilst this event has caused the company to take exceptional measures to adjust its cost base and workforce to match the resultant downturn in business, the directors are confident that the company will be able to manage its finances whilst the pandemic continues and continue to operate as a going concern for the foreseeable future. Further details are included in Note 19 to these financial statements.

**STEEL SERVICE CENTRE LIMITED**

**Strategic Report**

## **Financial Risk Management**

Net current assets reduced over the course of the year from £1,063,341 in 2017/2018 to £692,115 in 2018/2019 due to the reduced turnover and subsequent restructuring detailed above. However, the cash position of the business remained relatively strong with overall net assets still at £2,445,006 in 2018/2019. although reduced from the 2017/2018 net assets figure of £3,196,009.

All business is transacted in British Pounds so there is no exposure to movements in foreign currency.

The directors' intention is to manage the business closely whilst the pandemic continues and to then seek to grow the business in a sustainable way from a leaner base. It is anticipated that all growth will be financed out of retained earnings.

This report was approved by the board on 8 April 2020 and signed on its behalf.

A.Y. JARRETT

Director

**STEEL SERVICE CENTRE LIMITED**  
**Independent auditors' report**  
**to the members of STEEL SERVICE CENTRE LIMITED**

We have audited the accounts of STEEL SERVICE CENTRE LIMITED for the year ended 31 August 2019 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditors' 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.

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the accounts**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

**Opinion on the accounts**

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 31 August 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Emphasis of Matter - Going Concern**

- We draw attention to Note 19 in the financial statements which discloses the potential impact of Coronavirus on the business.
- As stated in Note 19 this event indicates that a material uncertainty exists that, should it continue for a period of longer than 12 months, may cast doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the accounts and the Directors' Report has

been prepared in accordance with applicable legal requirements.

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

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 accounts 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.

David Austin  
(Senior Statutory Auditor)

for and on behalf of  
G.E Shenton & Co Ltd  
Accountants and Statutory Auditors  
St. Pauls House  
North Street  
Newcastle under Lyme  
Staffordshire  
ST5 1AZ

9 April 2020

**STEEL SERVICE CENTRE LIMITED**

**Income Statement**

**for the year ended 31 August 2019**

	<b>Notes</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
<b><u>Turnover</u></b>	3	11,451,768	14,043,270
Cost of sales		<u>(8,516,911)</u>	<u>(9,679,118)</u>
<b><u>Gross profit</u></b>		2,934,857	4,364,152
Distribution costs		(1,823,845)	(2,201,709)
Administrative expenses		<u>(1,870,363)</u>	<u>(2,024,001)</u>
<b><u>Operating (loss)/profit</u></b>	4	(759,351)	138,442
Interest payable	7	<u>(55,841)</u>	<u>(44,853)</u>
<b><u>(Loss)/profit on ordinary activities before taxation</u></b>		(815,192)	93,589
Tax on (loss)/profit on ordinary activities	8	104,189	(26,816)
<b><u>(Loss)/profit for the financial year</u></b>		<u><u>(711,003)</u></u>	<u><u>66,773</u></u>

The company has no recognised gains or losses other than the results above and therefore no separate statement of comprehensive income has been presented.

There is no difference between the results on ordinary activities before and after taxation and their historical cost equivalents.

All operations are continuing.

The accompanying notes form an integral part of these financial statements.

**STEEL SERVICE CENTRE LIMITED**

Statement of Financial Position

as at 31 August 2019

	<b>Notes</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
<b><u>Fixed assets</u></b>			
Tangible assets	9	3,374,150	4,291,486
 <b><u>Current assets</u></b>			
Stocks	10	175,241	188,503
Debtors	11	2,110,512	2,922,803
Cash at bank and in hand		562,213	645,397
		2,847,966	3,756,703
 <b><u>Creditors: amounts falling due within one year</u></b>			
	12	(2,155,851)	(2,693,362)
 <b><u>Net current assets</u></b>			
		692,115	1,063,341
 <b><u>Total assets less current liabilities</u></b>			
		4,066,265	5,354,827
 <b><u>Creditors: amounts falling due after more than one year</u></b>			
	13	(1,563,975)	(2,029,196)
 <b><u>Provisions for liabilities</u></b>			
Deferred taxation	15	(57,284)	(129,622)
 <b><u>Net assets</u></b>			
		2,445,006	3,196,009
 <b><u>Capital and reserves</u></b>			
Called up share capital	16	51	60
Other reserves	17	49	40
Profit and loss account	18	2,444,906	3,195,909
 <b><u>Total equity</u></b>			
		2,445,006	3,196,009

A.Y. JARRETT

Director

Approved by the board on 8 April 2020

**STEEL SERVICE CENTRE LIMITED**

**Statement of Changes in Equity**

**for the year ended 31 August 2019**

	<b>Share capital</b>	<b>Capital redemption reserve</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b><u>At 1 September 2017</u></b>	60	40	3,129,136	3,129,236
Profit for the financial year			66,773	66,773
<b><u>At 31 August 2018</u></b>	<u>60</u>	<u>40</u>	<u>3,195,909</u>	<u>3,196,009</u>
<b><u>At 1 September 2018</u></b>	60	40	3,195,909	3,196,009
Loss for the financial year			(711,003)	(711,003)
Cost of acquisition of own shares			(40,000)	(40,000)
Shares redeemed	(9)	9		-
<b><u>At 31 August 2019</u></b>	<u>51</u>	<u>49</u>	<u>2,444,906</u>	<u>2,445,006</u>

**STEEL SERVICE CENTRE LIMITED**

**Statement of Cash Flows**

**for the year ended 31 August 2019**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b><u>Operating activities</u></b>		
(Loss)/profit for the financial year	(711,003)	66,773
Adjustments for:		
Interest payable	55,841	44,853
Tax on (loss)/profit on ordinary activities	(104,189)	26,816
Depreciation	859,513	718,489
Decrease in stocks	13,262	18,770
Decrease in debtors	844,142	193,002
(Decrease)/increase in creditors	(514,463)	62,342
	<u>443,103</u>	<u>1,131,045</u>
Interest paid	(22,755)	(10,016)
Interest element of finance lease payments	(33,086)	(34,837)
Corporation tax paid	(31,851)	(152,745)
	<u>355,411</u>	<u>933,447</u>
Cash generated by operating activities	<u>355,411</u>	<u>933,447</u>
<b><u>Investing activities</u></b>		
Payments to acquire tangible fixed assets	(21,177)	(2,595,396)
Proceeds from sale of tangible fixed assets	79,000	209
	<u>57,823</u>	<u>(2,595,187)</u>
Cash generated by/(used in) investing activities	<u>57,823</u>	<u>(2,595,187)</u>
<b><u>Financing activities</u></b>		
Payments to redeem shares	(40,000)	-
Repayment of loans	(48,866)	874,205
Capital element of finance lease payments	(407,552)	308,160
	<u>(496,418)</u>	<u>1,182,365</u>
Cash (used in)/generated by financing activities	<u>(496,418)</u>	<u>1,182,365</u>
<b><u>Net cash used</u></b>		
Cash generated by operating activities	355,411	933,447
Cash generated by/(used in) investing activities	57,823	(2,595,187)
Cash (used in)/generated by financing activities	(496,418)	1,182,365
	<u>(83,184)</u>	<u>(479,375)</u>
Net cash used	<u>(83,184)</u>	<u>(479,375)</u>
Cash and cash equivalents at 1 September 2018	645,397	1,124,772
Cash and cash equivalents at 31 August 2019	<u>562,213</u>	<u>645,397</u>
Cash and cash equivalents comprise:		

Cash at bank

562,213

645,397

# STEEL SERVICE CENTRE LIMITED

## Notes to the Accounts

for the year ended 31 August 2019

### **1 General information**

STEEL SERVICE CENTRE LIMITED is a private company limited by shares and incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page.

### **2 Summary of significant accounting policies**

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

#### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes from goods supplied and from services provided. Turnover is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. Turnover from services provided 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, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold land and buildings	2% straight line basis
Plant and machinery	20% straight line basis
Office fixtures etc.:	
Office furniture	20% straight line basis
Computer equipment	33 $\frac{1}{3}$ % straight line basis
Motor vehicles	25% reducing balance basis

Depreciation is charged on a pro rata basis from the date of acquisition and use. Depreciation is charged in the year of disposal.

#### **Stocks**

Stocks are measured at the lower of cost and net realisable value after making adequate allowance for sub standard, obsolete or slow moving items. 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.

#### **Debtors**

Short term debtors are measured at transaction price, less any impairment losses for bad and doubtful debts.

### **Creditors**

Short term creditors are measured at transaction price. Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

### **Current and deferred 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. Current and deferred tax assets and liabilities are not discounted.

### **Provisions**

Provisions (i.e. 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.

### **Foreign currency translation**

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

### **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.

### **Pensions**

Contributions to defined contribution plans are expensed in the period to which they relate.

£ £

By activity:

Laser cutting 11,451,768 14,043,270

By geographical market:

UK 11,451,768 14,043,270

**4 Operating profit**

**2019** **2018**

£ £

This is stated after charging:

Depreciation of owned fixed assets 464,014 392,676  
Depreciation of assets held under finance leases and hire  
purchase contracts 391,782 325,813  
Loss/Surplus on disposal of fixed assets 3,729 2,975  
Operating lease rentals - plant and machinery 111,606 90,060  
Operating lease rentals - land and buildings 140,355 146,118  
Operating lease rentals - vehicles 88,659 79,590  
Auditors' remuneration for audit services 9,000 9,000

**5 Directors' emoluments**

**2019** **2018**

£ £

Emoluments 182,467 181,834  
Company contributions to defined contribution pension plans 8,795 7,164  
191,262 188,998

Highest paid director:

Emoluments 97,467 120,014

**6 Staff costs including directors' remuneration  
were as follows:**

**2019** **2018**

£ £

Wages and salaries 3,091,425 3,364,746  
Other pension costs 82,412 68,599  
3,173,837 3,433,345

**Average number of employees including the directors during the year was as follows:**

	Number	Number
Directors	3	3
Administration	46	53
Production	56	58
	<u>105</u>	<u>114</u>

**7 Interest payable**

	2019	2018
	£	£
Bank loan	22,755	10,016
Finance charges payable under finance leases and hire purchase contracts	33,086	34,837
	<u>55,841</u>	<u>44,853</u>

**8 Taxation**

	2019	2018
	£	£

**Analysis of charge in year**

Current tax:

UK corporation tax on profits of the year	(31,851)	31,851
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Deferred tax:

Origination and reversal of timing differences	<u>(72,338)</u>	<u>(5,035)</u>
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Tax on (loss)/profit on ordinary activities	<u>(104,189)</u>	<u>26,816</u>
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**Factors affecting tax charge for year**

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

	2019	2018
	£	£
(Loss)/profit on ordinary activities before tax	<u>(815,192)</u>	<u>93,589</u>
Standard rate of corporation tax in the UK	19.00%	19.00%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	(154,886)	17,782

Effects of:

Expenses not deductible for tax purposes	6,700	6,259
Capital allowances for the year in excess of depreciation	74,869	7,810
Losses available to carry forward	(41,468)	-
Current Corporation Tax charge for the year	<u>(31,851)</u>	<u>31,851</u>

## 9 Tangible fixed assets

	Land and buildings	Plant and machinery	Total
	£	£	£
<b><u>Cost or valuation</u></b>			
At 1 September 2018	1,460,633	5,566,947	7,027,580
Additions	-	21,177	21,177
Disposals	-	(632,606)	(632,606)
At 31 August 2019	<u>1,460,633</u>	<u>4,955,518</u>	<u>6,416,151</u>
<b><u>Depreciation</u></b>			
At 1 September 2018	14,606	2,721,488	2,736,094
Charge for the year	29,213	658,008	687,221
On disposals	-	(381,314)	(381,314)
At 31 August 2019	<u>43,819</u>	<u>2,998,182</u>	<u>3,042,001</u>
<b><u>Net Book Value</u></b>			
At 31 August 2019	<u>1,416,814</u>	<u>1,957,336</u>	<u>3,374,150</u>
At 31 August 2018	<u>1,446,027</u>	<u>2,845,459</u>	<u>4,291,486</u>
		<b>2019</b>	<b>2018</b>
		£	£

The net book value of plant and machinery included above held under finance leases and hire purchase contracts

	<u>1,442,890</u>	<u>1,811,322</u>
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The freehold property is secured by a commercial mortgage debenture dated 16 February 2018.

## 10 Stocks

**2019**

**2018**

£

£

Raw materials and consumables

175,241

188,503

## 11 Debtors

**2019**

**2018**

£

£

Amounts owed by related company (see Note No. 23)	-	12,042
Other debtors	1,783,642	2,676,310
Corporation Tax	31,851	-
Prepayments and accrued income	295,019	234,451
	<u>2,110,512</u>	<u>2,922,803</u>

**12 Creditors: amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Obligations under mortgage contract (secured)	50,621	51,621
Obligations under finance lease and hire purchase contracts	417,355	407,552
Trade creditors	1,463,614	1,888,070
Amounts owed to related company (see Note 23)	2,996	-
Corporation tax	-	31,851
Other taxes and social security costs	221,265	314,268
	<u>2,155,851</u>	<u>2,693,362</u>

**13 Creditors: amounts falling due after one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Obligations under mortgage contract (secured)	774,718	822,584
Obligations under finance lease and hire purchase contracts	789,257	1,206,612
	<u>1,563,975</u>	<u>2,029,196</u>

**14 Obligations under mortgages, finance leases and hire purchase contracts**

	<b>2019</b>		<b>2018</b>	
	<b>Mortgage</b>	<b>Finance leases and hire purchase contracts</b>	<b>Mortgage</b>	<b>Finance leases and hire purchase contracts</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts payable:				
Within one year	50,621	417,355	51,621	407,552
Within two to five years	774,718	789,257	822,584	1,206,612
	<u>825,339</u>	<u>1,206,612</u>	<u>874,205</u>	<u>1,614,164</u>

The bank loan included in creditors is secured by a legal mortgage over all present, future, freehold and leasehold property and by a floating charge over the undertaking of the company including its uncalled capital for the time being.

**15 Deferred taxation**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	<u>57,284</u>	<u>129,622</u>

			<b>2019</b>	<b>2018</b>
			<b>£</b>	<b>£</b>
At 1 September 2018			129,622	134,657
Transfer to/from profit and loss account			(72,338)	(5,035)
At 31 August 2019			<u>57,284</u>	<u>129,622</u>
<b>16 <u>Share capital</u></b>	<b>Nominal</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>
	<b>value</b>	<b>Number</b>	<b>£</b>	<b>£</b>
Allotted, called up and fully paid:				
Ordinary shares	£1 each	51	<u>51</u>	<u>60</u>
<b>17 <u>Capital redemption reserve</u></b>			<b>2019</b>	<b>2018</b>
			<b>£</b>	<b>£</b>
At 1 September 2018			40	40
Shares redeemed during year			9	-
At 31 August 2019			<u>49</u>	<u>40</u>
<b>18 <u>Profit and loss account</u></b>			<b>2019</b>	<b>2018</b>
			<b>£</b>	<b>£</b>
At 1 September 2018			3,195,909	3,129,136
(Loss)/profit for the financial year			(711,003)	66,773
Capital redemption			(40,000)	-
At 31 August 2019			<u>2,444,906</u>	<u>3,195,909</u>

## **19 Events after the reporting date**

### **Going concern**

At the date of approval of these financial statements the UK is in the midst of the COVID-19 Coronavirus pandemic which has significantly impacted the company's day to day business operations.

Consequently, the directors have given special consideration to the ability of the company to continue to operate as a going concern. They have concluded that it is appropriate to prepare these accounts on a going concern basis as, in their opinion, the following factors mean that it will be able to continue to trade and meet its obligations as they fall due at least for the next 12 months even if day to day operations continue to be inhibited.

- The company has sufficient cash resources to meet its short-term needs.
- A significant business restructuring exercise has recently been completed, placing the

company in a much better position to flex its operating capacity and make a profit at much lower turnover levels.

- The company has taken advantage of the Government's Coronavirus Job Retention Scheme, enabling it to furlough employees and minimise its wage costs for as long as the Coronavirus pandemic continues, whilst still retaining the ability to bring staff back on board quickly once trading conditions improve.
- The company has a strong balance sheet with sufficient assets to enable additional finance to be raised should current trading conditions continue for an extended period.

However, in the event that the Coronavirus pandemic continues to impact the company's operations for a period longer than 12 months, the directors consider that there remains some uncertainty as to whether it will be able to continue to operate as a going concern significantly past that point.

## 20 Group personal pension plan

The company operates a group personal pension plan into which all eligible employees are automatically enrolled after 3 months' employment. Funds are managed on behalf of individuals by an independent administrator.

## 21 Other financial commitments

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

	<b>Land and buildings</b>	<b>Land and buildings</b>	<b>Other</b>	<b>Other</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	£	£	£	£
Falling due:				
within one year	145,006	134,797	81,925	92,299
within two to five years	122,697	514,924	76,742	133,532
in over five years	-	106,431	-	-
	<u>267,703</u>	<u>756,152</u>	<u>158,667</u>	<u>225,831</u>

## 22 Contingent liabilities

There is a contingent liability for remedial work in respect of contractual warranties which cannot be estimated. No such liabilities had been notified at the date of the directors' report.

## 23 Presentation currency

The financial statements are presented in Sterling.

## 24 Related parties

Mr. A.Y. Jarrett, director of the company, owns 100% of the issued share capital of the

company at the year end. Mr. Jarrett also owns 90% of the issued share capital of Allett Limited with whom the company traded during the year (see below).

The company acquired services from and supplied services to Allett Limited on commercial terms totalling £266,335 and £128,749 respectively (2018: £470,477 and £178,682).

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