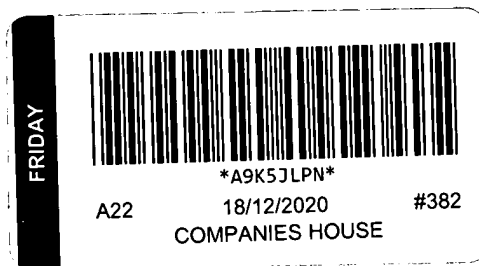


7

REGISTERED NUMBER: 01554968 (England and Wales)

**Group Strategic Report,  
Report of the Directors and  
Consolidated Financial Statements  
for the Year Ended 31 December 2019  
for  
Teescraft Engineering Limited**



**Contents of the Consolidated Financial Statements  
for the Year Ended 31 December 2019**

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**Teescraft Engineering Limited**  
**Company Information**  
**for the Year Ended 31 December 2019**

**DIRECTORS:** R J Yorke  
J C Laverick  
S Yorke

**SECRETARY:** J C Laverick

**REGISTERED OFFICE:** Unit 2  
South Church Enterprise Park  
Bishop Auckland  
Co Durham  
DL14 6XB

**REGISTERED NUMBER:** 01554968 (England and Wales)

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

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

**Group Strategic Report  
for the Year Ended 31 December 2019**

**Business Review:**

The principal activities of the group are: -

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

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

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

The turnover for the year of £19,981,950 (2018: £18,280,732) increased due to the acquisition of a new branch of Teescraft at Ashington acquired at the end of the previous year

The operating profit for the year to 31 December 2019 was £1,121,805 (2018: profit £2,412,796) the decrease was due to an increase in administration and staff costs.

**KPIs**

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

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

The accounting systems facilitate the gathering of the appropriate data.

**PRINCIPAL RISKS AND UNCERTAINTIES**

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

**Foreign exchange risk**

The group purchases products from overseas and exports to several Countries so is exposed to the variability of foreign exchange rates.

**Interest rate**

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

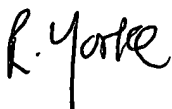
**Liquidity risk**

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

**Future plans**

The plans for the group are to continue to grow and expand to be able to meet the increased demand of customers.

**ON BEHALF OF THE BOARD:**



R J Yorke - Director

**Teescraft Engineering Limited (Registered number: 01554968)**

**Group Strategic Report  
for the Year Ended 31 December 2019**

20 November 2020

**Report of the Directors  
for the Year Ended 31 December 2019**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2019.

**DIVIDENDS**

The total distribution of dividends for the year ended 31 December 2019 will be £713,000.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

R J Yorke  
J C Laverick  
S Yorke

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

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

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

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

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

**AUDITORS**

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

**ON BEHALF OF THE BOARD:**



R J Yorke - Director

20 November 2020

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

**Qualified opinion**

We have audited the financial statements of Teescraft Engineering Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Profit and Loss Account, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2019 and of the group's 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 qualified opinion**

Teescraft acquired a new branch in the prior year. Whilst we attended the stocktake at 31 December 2018 at this branch, we were unable to satisfy ourselves by this or alternative means concerning the stock quantities held at 31 December 2018, which are included in opening stock at £339,026. Consequently we were unable to determine whether any adjustment to this amount was necessary.

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

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Qualified opinion on financial statements arising from limitation in audit scope**

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

### **Other information**

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

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

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

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

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

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

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

In respect solely of the limitation on our work relating to stock as described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose our audit;

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

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

### **Responsibilities of directors**

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

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

**Use of our report**

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



Gary Ellis BA BFP FCA (Senior Statutory Auditor)  
for and on behalf of Clive Owen LLP  
Chartered Accountants  
Statutory Auditors  
Kepier House  
Belmont Business Park  
Durham  
DH1 1TW

20 November 2020

**Teescraft Engineering Limited (Registered number: 01554968)**

**Consolidated Profit and Loss Account  
for the Year Ended 31 December 2019**

	Notes	2019		2018	
		£	£	£	£
<b>TURNOVER</b>	3		19,981,950		18,280,732
Cost of sales			16,898,202		14,057,408
<b>GROSS PROFIT</b>			3,083,748		4,223,324
Administrative expenses			2,028,272		1,857,792
			1,055,476		2,365,532
Other operating income			66,329		47,264
<b>OPERATING PROFIT</b>	5		1,121,805		2,412,796
Income from shares in group undertakings		26,493		-	
Interest receivable and similar income		1,708		1,937	
			28,201		1,937
			1,150,006		2,414,733
Interest payable and similar expenses	6		100,968		62,486
<b>PROFIT BEFORE TAXATION</b>			1,049,038		2,352,247
Tax on profit	7		24,481		353,631
<b>PROFIT FOR THE FINANCIAL YEAR</b>			1,024,557		1,998,616
Profit attributable to: Owners of the parent			1,024,557		1,998,616

The notes form part of these financial statements

**Teescraft Engineering Limited (Registered number: 01554968)**

**Consolidated Other Comprehensive Income  
for the Year Ended 31 December 2019**

Notes	2019 £	2018 £
<b>PROFIT FOR THE YEAR</b>	1,024,557	1,998,616
<b>OTHER COMPREHENSIVE INCOME</b>	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>1,024,557</u>	<u>1,998,616</u>
Total comprehensive income attributable to: Owners of the parent	<u>1,024,557</u>	<u>1,998,616</u>

The notes form part of these financial statements

**Teescraft Engineering Limited (Registered number: 01554968)**

**Consolidated Balance Sheet  
31 December 2019**

		2019		2018	
Notes	£	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	10		(321,646)		(307,073)
Tangible assets	11		4,794,382		4,796,112
Investments	12		300,000		150,000
			4,772,736		4,639,039
<b>CURRENT ASSETS</b>					
Stocks	13	2,937,673		2,060,136	
Debtors	14	5,357,364		4,051,705	
Cash at bank and in hand		387,899		812,656	
		8,682,936		6,924,497	
<b>CREDITORS</b>					
Amounts falling due within one year	15	5,018,890		4,519,910	
			3,664,046		2,404,587
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			8,436,782		7,043,626
<b>CREDITORS</b>					
Amounts falling due after more than one year	16		(2,193,712)		(1,198,637)
<b>PROVISIONS FOR LIABILITIES</b>					
	20		(246,013)		(159,489)
<b>NET ASSETS</b>					
			5,997,057		5,685,500
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		10,100		10,100
Retained earnings	22		5,986,957		5,675,400
<b>SHAREHOLDERS' FUNDS</b>					
			5,997,057		5,685,500

The financial statements were approved by the Board of Directors and authorised for issue on 20 November 2020 and were signed on its behalf by:



R J Yorke - Director

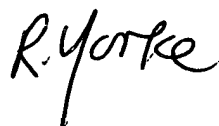
The notes form part of these financial statements

**Teescraft Engineering Limited (Registered number: 01554968)**

**Company Balance Sheet  
31 December 2019**

		2019		2018	
Notes	£	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	10		(540,112)		(601,584)
Tangible assets	11		3,256,525		3,331,997
Investments	12		3,062,835		2,912,835
			5,779,248		5,643,248
<b>CURRENT ASSETS</b>					
Stocks	13	1,627,802		840,687	
Debtors	14	3,860,858		2,529,012	
Cash at bank and in hand		145,671		161,776	
			5,634,331		3,531,475
<b>CREDITORS</b>					
Amounts falling due within one year	15	4,121,638		3,256,871	
<b>NET CURRENT ASSETS</b>					
			1,512,693		274,604
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			7,291,941		5,917,852
<b>CREDITORS</b>					
Amounts falling due after more than one year	16		(1,773,803)		(816,699)
<b>PROVISIONS FOR LIABILITIES</b>					
	20		(109,794)		(35,471)
<b>NET ASSETS</b>					
			5,408,344		5,065,682
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		10,100		10,100
Retained earnings	22		5,398,244		5,055,582
<b>SHAREHOLDERS' FUNDS</b>					
			5,408,344		5,065,682
<b>Company's profit for the financial year</b>					
			1,055,662		1,323,580

The financial statements were approved by the Board of Directors and authorised for issue on 20 November 2020 and were signed on its behalf by:



R J Yorke - Director

The notes form part of these financial statements

**Teescraft Engineering Limited (Registered number: 01554968)**

**Consolidated Statement of Changes in Equity  
for the Year Ended 31 December 2019**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2018</b>	10,100	4,271,784	4,281,884
<b>Changes in equity</b>			
Dividends	-	(595,000)	(595,000)
Total comprehensive income	-	1,998,616	1,998,616
<b>Balance at 31 December 2018</b>	<u>10,100</u>	<u>5,675,400</u>	<u>5,685,500</u>
<b>Changes in equity</b>			
Dividends	-	(713,000)	(713,000)
Total comprehensive income	-	1,024,557	1,024,557
<b>Balance at 31 December 2019</b>	<u>10,100</u>	<u>5,986,957</u>	<u>5,997,057</u>

The notes form part of these financial statements

**Teescraft Engineering Limited (Registered number: 01554968)**

**Company Statement of Changes in Equity  
for the Year Ended 31 December 2019**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2018</b>	10,100	4,327,002	4,337,102
<b>Changes in equity</b>			
Dividends	-	(595,000)	(595,000)
Total comprehensive income	-	1,323,580	1,323,580
<b>Balance at 31 December 2018</b>	<u>10,100</u>	<u>5,055,582</u>	<u>5,065,682</u>
<b>Changes in equity</b>			
Dividends	-	(713,000)	(713,000)
Total comprehensive income	-	1,055,662	1,055,662
<b>Balance at 31 December 2019</b>	<u>10,100</u>	<u>5,398,244</u>	<u>5,408,344</u>

The notes form part of these financial statements

**Teescraft Engineering Limited (Registered number: 01554968)**

**Consolidated Cash Flow Statement  
for the Year Ended 31 December 2019**

	Notes	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	977,718	2,668,728
Interest paid		(87,197)	(59,259)
Interest element of hire purchase payments paid		(13,771)	(3,227)
Government grants		42,313	-
Tax paid		(252,105)	211,576
		<hr/>	<hr/>
Net cash from operating activities		666,958	2,817,818
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(1,756)	(208,013)
Purchase of tangible fixed assets		(1,056,048)	(1,834,407)
Purchase of fixed asset investments		(150,000)	(150,000)
Sale of tangible fixed assets		15,000	9,847
Interest received		1,708	1,937
Dividends received		26,493	-
		<hr/>	<hr/>
Net cash from investing activities		(1,164,603)	(2,180,636)
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
New loans in year		1,178,000	400,000
Loan repayments in year		(889,004)	(96,013)
New hire purchase in year		657,515	216,000
Capital repayments in year		(160,623)	(58,481)
Equity dividends paid		(713,000)	(595,000)
		<hr/>	<hr/>
Net cash from financing activities		72,888	(133,494)
		<hr/>	<hr/>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(424,757)</b>	<b>503,688</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>2</b>	<b>812,656</b>	<b>308,968</b>
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	<b>2</b>	<b>387,899</b>	<b>812,656</b>
		<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement  
for the Year Ended 31 December 2019

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

	2019 £	2018 £
Profit before taxation	1,049,038	2,352,247
Depreciation charges	1,064,585	886,003
Profit on disposal of fixed assets	(5,478)	(3,947)
Government grants	(42,314)	(47,264)
Finance costs	100,968	62,486
Finance income	(28,201)	(1,937)
	<u>2,138,598</u>	<u>3,247,588</u>
Increase in stocks	(877,537)	(464,062)
Increase in trade and other debtors	(1,305,658)	(1,131,974)
Increase in trade and other creditors	1,022,315	1,017,176
	<u>977,718</u>	<u>2,668,728</u>
<b>Cash generated from operations</b>	<u>977,718</u>	<u>2,668,728</u>

2. CASH AND CASH EQUIVALENTS

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

Year ended 31 December 2019

	31/12/19 £	1/1/19 £
Cash and cash equivalents	<u>387,899</u>	<u>812,656</u>

Year ended 31 December 2018

	31/12/18 £	1/1/18 £
Cash and cash equivalents	<u>812,656</u>	<u>308,968</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/1/19 £	Cash flow £	At 31/12/19 £
<b>Net cash</b>			
Cash at bank and in hand	<u>812,656</u>	(424,757)	<u>387,899</u>
	<u>812,656</u>	<u>(424,757)</u>	<u>387,899</u>
<b>Debt</b>			
Finance leases	(185,973)	(496,892)	(682,865)
Debts falling due within 1 year	(169,323)	70,034	(99,289)
Debts falling due after 1 year	(1,018,238)	(359,030)	(1,377,268)
	<u>(1,373,534)</u>	<u>(785,888)</u>	<u>(2,159,422)</u>
<b>Total</b>	<u>(560,878)</u>	<u>(1,210,645)</u>	<u>(1,771,523)</u>

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements  
for the Year Ended 31 December 2019**

**1. STATUTORY INFORMATION**

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

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

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

There were no departures from this standard.

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

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

**Going concern**

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

At the date of approval, the country and indeed the rest of the world is in the midst of dealing with the Covid-19 pandemic. This has impacted unfavourably on the levels of work possible. The company has taken steps to deal with the financial impact of this, including the preparation of revised forecasts and utilizing the government support. Whilst there is uncertainty around the length of time the Covid-19 pandemic will last and the full impact on the global economy, the directors believe that it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements due to the levels of reserves and potential financial support available.

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

**Basis of consolidation**

The financial statements consolidate the financial statements of Teescraft Engineering Limited and its subsidiaries: Stockton Casting Company (The) Limited and L.H.(Quarry Plant) Limited. All of the entities' financial statements are made up to 31 December 2019. The dormant companies of the group have been excluded from the consolidation. Transactions between group companies have been eliminated on consolidation. No separate profit and loss account for Teescraft Engineering Limited is presented, as permitted by Section 406 of the Companies Act 2006.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**2. ACCOUNTING POLICIES - continued**

**Turnover**

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

**Income recognition**

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

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of businesses in 2012 and 2018, is being amortised evenly over its estimated useful life of five years.

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

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

**Intangible assets**

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

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

**Tangible fixed assets**

Tangible fixed assets are measured at cost less any depreciation and impairment. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	2% on cost, freehold land not depreciated
Improvements to property	2% on cost and Period of the lease
Plant and machinery	20 to 25% on reducing balance and 20% on cost
Fixtures and fittings	33% on cost, 33.33% on reducing balance and 20% on reducing balance
Motor vehicles	25% on reducing balance

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

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost less impairment.

**Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

**Financial instruments**

Basic financial instruments are recognised at amortised cost with changes recognised in profit or loss.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**2. ACCOUNTING POLICIES - continued**

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Profit and Loss Account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

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

**Hire purchase and leasing commitments**

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

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

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

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

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

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

**Judgements and key sources of estimation uncertainty**

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

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

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

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

**Government grants**

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

**Investments**

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

**Invoice discounting**

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

3. TURNOVER

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

An analysis of turnover by geographical market is given below:

	2019	2018
	£	£
United Kingdom	18,496,496	16,127,352
Europe	666,677	1,360,498
Rest of world	818,777	792,882
	<u>19,981,950</u>	<u>18,280,732</u>

**Teescraft Engineering Limited (Registered number: 01554968)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**4. EMPLOYEES AND DIRECTORS**

	2019	2018
	£	£
Wages and salaries	4,778,871	3,934,407
Social security costs	448,893	365,725
Other pension costs	98,636	60,209
	<u>5,326,400</u>	<u>4,360,341</u>

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

	2019	2018
Directors	3	3
Management	18	18
Administration	11	6
Operating staff	147	120
	<u>179</u>	<u>147</u>

	2019	2018
	£	£
Directors' remuneration	73,257	86,488
Directors' pension contributions to money purchase schemes	798	494
	<u>74,055</u>	<u>86,982</u>

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

Money purchase schemes	<u>-</u>	<u>2</u>
------------------------	----------	----------

**5. OPERATING PROFIT**

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

	2019	2018
	£	£
Hire of plant and machinery	358	542
Other operating leases	224,238	227,978
Depreciation - owned assets	892,284	784,088
Depreciation - assets on hire purchase contracts	155,972	29,451
Profit on disposal of fixed assets	(5,478)	(3,947)
Goodwill amortisation	15,285	71,634
Computer software amortisation	1,044	830
Auditor's remuneration-Parent	8,750	8,750
Auditor's remuneration-Subsidiaries	15,635	15,635
Foreign exchange differences	5,262	(69)
	<u>1,421,881</u>	<u>1,421,881</u>

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2019	2018
	£	£
Bank interest	-	225
Bank loan interest	53,830	36,325
Invoice discounting interest	33,367	22,709
Hire purchase interest	13,771	3,227
	<u>100,968</u>	<u>62,486</u>

**7. TAXATION**

**Analysis of the tax charge**

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

	2019	2018
	£	£
<b>Current tax:</b>		
UK corporation tax	108,059	485,971
Prior year over provision	(170,102)	(143,933)
	<u>(62,043)</u>	<u>342,038</u>
<b>Deferred tax</b>	<u>86,524</u>	<u>11,593</u>
<b>Tax on profit</b>	<u>24,481</u>	<u>353,631</u>

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018
	£	£
Profit before tax	<u>1,049,038</u>	<u>2,352,247</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	199,317	446,927
<b>Effects of:</b>		
Expenses not deductible for tax purposes	15,096	58,703
Income not taxable for tax purposes	(31,806)	(6,917)
Utilisation of tax losses	-	(27,904)
Effect of consolidation adjustments	14,584	14,584
Deferred grants on qualifying assets	(597)	(588)
Prior year over provision	(170,102)	(143,933)
Non qualifying depreciation	5,609	12,759
Asset grant deducted from purchase price	8,586	-
R&D Enhanced deduction	(16,206)	-
	<u>24,481</u>	<u>353,631</u>

**8. INDIVIDUAL PROFIT AND LOSS ACCOUNT**

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

**Teescraft Engineering Limited (Registered number: 01554968)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**9. DIVIDENDS**

	2019 £	2018 £
Ordinary shares of £1 each		
Interim	713,000	595,000
	<u>713,000</u>	<u>595,000</u>

**10. INTANGIBLE FIXED ASSETS**

**Group**

	Goodwill £	Computer software £	Totals £
<b>COST</b>			
At 1 January 2019	1,577	15,490	17,067
Additions	-	1,756	1,756
	<u>1,577</u>	<u>17,246</u>	<u>18,823</u>
At 31 December 2019	1,577	17,246	18,823
<b>AMORTISATION</b>			
At 1 January 2019	308,927	15,213	324,140
Amortisation for year	15,285	1,044	16,329
	<u>324,212</u>	<u>16,257</u>	<u>340,469</u>
At 31 December 2019	324,212	16,257	340,469
<b>NET BOOK VALUE</b>			
At 31 December 2019	(322,635)	989	(321,646)
	<u>(322,635)</u>	<u>989</u>	<u>(321,646)</u>
At 31 December 2018	(307,350)	277	(307,073)
	<u>(307,350)</u>	<u>277</u>	<u>(307,073)</u>

**Company**

	Goodwill £
<b>COST</b>	
At 1 January 2019 and 31 December 2019	(586,707)
<b>AMORTISATION</b>	
At 1 January 2019	14,877
Amortisation for year	(61,472)
	<u>(46,595)</u>
At 31 December 2019	(46,595)
<b>NET BOOK VALUE</b>	
At 31 December 2019	(540,112)
	<u>(540,112)</u>
At 31 December 2018	(601,584)
	<u>(601,584)</u>

**Teescraft Engineering Limited (Registered number: 01554968)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**11. TANGIBLE FIXED ASSETS**

**Group**

	Freehold property £	Improvements to property £	Plant and machinery £
<b>COST</b>			
At 1 January 2019	1,565,470	219,546	8,367,334
Additions	95,780	-	948,592
Disposals	-	-	-
At 31 December 2019	<u>1,661,250</u>	<u>219,546</u>	<u>9,315,926</u>
<b>DEPRECIATION</b>			
At 1 January 2019	289,998	51,088	5,096,771
Charge for year	20,209	5,769	1,000,318
Eliminated on disposal	-	-	-
At 31 December 2019	<u>310,207</u>	<u>56,857</u>	<u>6,097,089</u>
<b>NET BOOK VALUE</b>			
At 31 December 2019	<u>1,351,043</u>	<u>162,689</u>	<u>3,218,837</u>
At 31 December 2018	<u>1,275,472</u>	<u>168,458</u>	<u>3,270,563</u>
	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>			
At 1 January 2019	235,304	141,839	10,529,493
Additions	11,676	-	1,056,048
Disposals	-	(25,002)	(25,002)
At 31 December 2019	<u>246,980</u>	<u>116,837</u>	<u>11,560,539</u>
<b>DEPRECIATION</b>			
At 1 January 2019	203,860	91,664	5,733,381
Charge for year	10,371	11,589	1,048,256
Eliminated on disposal	-	(15,480)	(15,480)
At 31 December 2019	<u>214,231</u>	<u>87,773</u>	<u>6,766,157</u>
<b>NET BOOK VALUE</b>			
At 31 December 2019	<u>32,749</u>	<u>29,064</u>	<u>4,794,382</u>
At 31 December 2018	<u>31,444</u>	<u>50,175</u>	<u>4,796,112</u>

**Teescraft Engineering Limited (Registered number: 01554968)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**11. TANGIBLE FIXED ASSETS - continued**

**Group**

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

	Plant and machinery £
<b>COST</b>	
At 1 January 2019	240,000
Additions	705,650
	945,650
At 31 December 2019	945,650
<b>DEPRECIATION</b>	
At 1 January 2019	20,000
Charge for year	155,972
	175,972
At 31 December 2019	175,972
<b>NET BOOK VALUE</b>	
At 31 December 2019	769,678
At 31 December 2018	220,000

**Company**

	Freehold property £	Improvements to property £	Plant and machinery £
<b>COST</b>			
At 1 January 2019	589,334	219,546	6,735,153
Additions	-	-	767,830
	589,334	219,546	7,502,983
At 31 December 2019	589,334	219,546	7,502,983
<b>DEPRECIATION</b>			
At 1 January 2019	-	51,088	4,208,035
Charge for year	-	5,769	827,859
	-	56,857	5,035,894
At 31 December 2019	-	56,857	5,035,894
<b>NET BOOK VALUE</b>			
At 31 December 2019	589,334	162,689	2,467,089
At 31 December 2018	589,334	168,458	2,527,118

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**11. TANGIBLE FIXED ASSETS - continued**

**Company**

	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>			
At 1 January 2019	112,472	49,800	7,706,305
Additions	4,795	-	772,625
	117,267	49,800	8,478,930
At 31 December 2019			
<b>DEPRECIATION</b>			
At 1 January 2019	87,206	27,979	4,374,308
Charge for year	9,014	5,455	848,097
	96,220	33,434	5,222,405
At 31 December 2019			
<b>NET BOOK VALUE</b>			
At 31 December 2019	21,047	16,366	3,256,525
At 31 December 2018	25,266	21,821	3,331,997

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

	Plant and machinery £
<b>COST</b>	
At 1 January 2019	240,000
Additions	603,150
	843,150
At 31 December 2019	
<b>DEPRECIATION</b>	
At 1 January 2019	20,000
Charge for year	141,878
	161,878
At 31 December 2019	
<b>NET BOOK VALUE</b>	
At 31 December 2019	681,272
At 31 December 2018	220,000

**Teescraft Engineering Limited (Registered number: 01554968)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**12. FIXED ASSET INVESTMENTS**

**Group**

	Shares in associated companies £
<b>COST</b>	
At 1 January 2019	150,000
Additions	150,000
	<u>300,000</u>
At 31 December 2019	300,000
<b>NET BOOK VALUE</b>	
At 31 December 2019	<u>300,000</u>
At 31 December 2018	<u>150,000</u>

**Company**

	Shares in group undertakings £	Shares in associated companies £	Totals £
<b>COST</b>			
At 1 January 2019	2,762,835	150,000	2,912,835
Additions	-	150,000	150,000
	<u>2,762,835</u>	<u>300,000</u>	<u>3,062,835</u>
At 31 December 2019	2,762,835	300,000	3,062,835
<b>NET BOOK VALUE</b>			
At 31 December 2019	<u>2,762,835</u>	<u>300,000</u>	<u>3,062,835</u>
At 31 December 2018	<u>2,762,835</u>	<u>150,000</u>	<u>2,912,835</u>

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

**Subsidiaries**

**Stockton Casting Company Limited**

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

Nature of business: Manufacture of high grade engineering castings

	%
Class of shares:	holding
Ordinary	100.00

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

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

Nature of business: Manufacture of machinery for mining

	%
Class of shares:	holding
Ordinary	100.00

**Teescraft Engineering Limited (Registered number: 01554968)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**12. FIXED ASSET INVESTMENTS - continued**

**Westlands Casting Co Limited**

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

Nature of business: Casting company

Class of shares:	%
Ordinary	holding 50.00

**13. STOCKS**

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Stocks	2,762,842	1,848,215	1,627,802	840,687
Work-in-progress	174,831	211,921	-	-
	<u>2,937,673</u>	<u>2,060,136</u>	<u>1,627,802</u>	<u>840,687</u>

There were impairment losses recognised in cost of sales against stock during the year of £34,095 and in the previous year of £nil relating to slow moving stock.

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

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	4,576,279	3,782,388	2,845,608	2,340,600
Amounts owed by group undertakings	-	-	276,919	31,224
Amounts owed by associates	16,571	-	16,571	-
Other debtors	47,211	46,119	109,849	45,270
Prepayments and accrued income	717,303	223,198	611,911	111,918
	<u>5,357,364</u>	<u>4,051,705</u>	<u>3,860,858</u>	<u>2,529,012</u>

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

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdrafts (see note 17)	99,289	169,323	76,490	146,524
Hire purchase contracts (see note 18)	291,668	72,065	246,333	72,065
Trade creditors	1,806,958	1,125,566	1,024,387	478,933
Amounts owed to group undertakings	-	-	886,709	613,511
Amounts owed to associates	125,950	103,486	125,950	103,486
Corporation tax	11,247	325,395	-	325,395
Social security and other taxes	423,024	421,217	190,558	67,532
Other creditors	45,787	22,776	-	-
Directors' current accounts	17,076	786	17,076	786
Accruals and deferred income	290,419	157,956	203,489	69,718
Invoice discounting	1,907,472	2,121,340	1,350,646	1,378,921
	<u>5,018,890</u>	<u>4,519,910</u>	<u>4,121,638</u>	<u>3,256,871</u>

**Teescraft Engineering Limited (Registered number: 01554968)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

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

	<b>Group</b>		<b>Company</b>	
	2019	2018	2019	2018
	£	£	£	£
Bank loans (see note 17)	1,377,268	1,018,238	1,071,484	688,906
Hire purchase contracts (see note 18)	391,197	113,908	351,319	113,908
Accruals and deferred income	425,247	66,491	351,000	13,885
	<u>2,193,712</u>	<u>1,198,637</u>	<u>1,773,803</u>	<u>816,699</u>

**17. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Company</b>	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>99,289</u>	<u>169,323</u>	<u>76,490</u>	<u>146,524</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>102,184</u>	<u>172,832</u>	<u>79,386</u>	<u>150,033</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>1,060,495</u>	<u>447,280</u>	<u>992,098</u>	<u>378,883</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans - >5 years by instalments	<u>214,589</u>	<u>398,126</u>	<u>-</u>	<u>159,990</u>
	<u>214,589</u>	<u>398,126</u>	<u>-</u>	<u>159,990</u>

The bank loans are repayable over 15 years at an interest rate of 2.8% plus base rate per annum.

**18. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

<b>Group</b>	<b>Hire purchase contracts</b>	
	2019	2018
	£	£
Net obligations repayable:		
Within one year	291,668	72,065
Between one and five years	<u>391,197</u>	<u>113,908</u>
	<u>682,865</u>	<u>185,973</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019

18. LEASING AGREEMENTS - continued

Company

	Hire purchase contracts	
	2019	2018
	£	£
Net obligations repayable:		
Within one year	246,333	72,065
Between one and five years	351,319	113,908
	<u>597,652</u>	<u>185,973</u>

Group

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	155,908	142,733
Between one and five years	321,966	373,870
In more than five years	333,958	407,948
	<u>811,832</u>	<u>924,551</u>

Company

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	136,091	138,641
Between one and five years	310,209	372,310
In more than five years	333,958	407,948
	<u>780,258</u>	<u>918,899</u>

19. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans	1,476,557	1,187,561	1,147,974	835,430
Hire purchase contracts	682,865	185,973	597,652	185,973
Invoice discounting	1,907,472	2,121,340	1,350,646	1,378,921
	<u>4,066,894</u>	<u>3,494,874</u>	<u>3,096,272</u>	<u>2,400,324</u>

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

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

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

**Teescraft Engineering Limited (Registered number: 01554968)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**20. PROVISIONS FOR LIABILITIES**

	<b>Group</b>		<b>Company</b>	
	2019	2018	2019	2018
	£	£	£	£
Deferred tax	<u>246,013</u>	<u>159,489</u>	<u>109,794</u>	<u>35,471</u>
 <b>Group</b>				
				Deferred tax
				£
Balance at 1 January 2019				159,489
Transfer from profit and loss account				86,524
				<hr/>
Balance at 31 December 2019				<u>246,013</u>
 <b>Company</b>				
				Deferred tax
				£
Balance at 1 January 2019				35,471
Accelerated capital allowances				74,323
				<hr/>
Balance at 31 December 2019				<u>109,794</u>

**21. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2019	2018
Number:	Class:		£	£
10,000	Ordinary	£1	10,000	10,000
100	A Ordinary	£1	100	100
			<hr/>	<hr/>
			<u>10,100</u>	<u>10,100</u>

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

**22. RESERVES**

<b>Group</b>	Retained earnings
	£
At 1 January 2019	5,675,400
Profit for the year	1,024,557
Dividends	(713,000)
	<hr/>
At 31 December 2019	<u>5,986,957</u>

**Teescraft Engineering Limited (Registered number: 01554968)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**22. RESERVES - continued**

**Company**

	Retained earnings £
At 1 January 2019	5,055,582
Profit for the year	1,055,662
Dividends	(713,000)
	5,398,244
At 31 December 2019	5,398,244

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

**23. CAPITAL COMMITMENTS**

	2019	2018
	£	£
Contracted but not provided for in the financial statements	556,515	1,005,300
	556,515	1,005,300

During the year the group entered into an agreement to purchase Westlands Casting Company Limited by way of a step acquisition and also an agreement to purchase new machinery.

**24. RELATED PARTY DISCLOSURES**

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

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

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

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

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

	2019	2018
	£	£
Dividends	713,000	595,000
Amount due to related party	17,076	786
	730,076	595,786
	730,076	595,786

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

**Other related parties**

	2019	2018
	£	£
Purchases	648,579	-
Dividends paid to Teescraft	26,493	-
Rent payable	117,000	105,000
Amount due from related party	16,571	-
Amount due to related party	125,950	103,487
	934,593	105,487
	934,593	105,487

**Teescraft Engineering Limited (Registered number: 01554968)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**24. RELATED PARTY DISCLOSURES - continued**

During the year, a total of key management personnel compensation of £117,441 (2018: £129,286) was paid.

**25. ULTIMATE CONTROLLING PARTY**

The controlling party is R J Yorke.