

Company Registration No. 03150165 (England and Wales)

**MRT CASTINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**



# MRT CASTINGS LIMITED

## COMPANY INFORMATION

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**Directors**

Mr C N Rawnsdon  
Mr K J Rawnsdon  
Mrs V A Rawnsdon  
Mr R G Baker  
Mr P J Rawnsdon

**Secretary**

Ms N C Rawnsdon

**Company number**

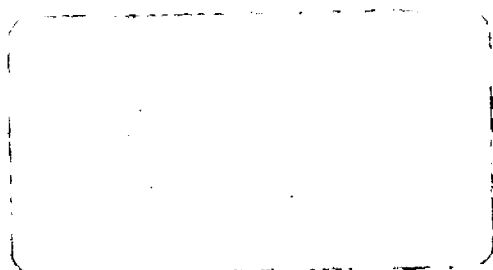
03150165

**Registered office**

South Way  
Walworth Industrial Estate  
Andover  
Hampshire  
SP10 5JT

**Auditor**

Wilkins Kennedy  
3-4 Eastwood Court  
Broadwater Road  
Romsey  
SO51 8JJ



# **MRT CASTINGS LIMITED**

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# **MRT CASTINGS LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2019**

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

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

The directors are pleased to present the report and accounts for the year ended 31 March 2019. The year has met expectations. Turnover has held relatively steady, albeit with a reduced profit margin.

It has been a year of consolidation and strategic planning in the business. A new holding company, Morris Rawnsdon and Taylor Group Limited was formed in October 2018, and this company is now the sole owner of the trading business MRT Castings Limited. Development has been ongoing throughout the year on MRT's new foundry building, which will approach completion in Q3 of the 2019/20 year. Once complete, this facility will provide a platform for future organic growth and for optimisation of productivity.

We expect demand to continue at current levels through 2019/20. The company continues to maintain a wide customer base, both geographically, and across market sectors to minimise dependence on any one industry or territory. The directors continue to keep a watchful eye on the challenges of Brexit. Whilst established relationships with existing EU customers are unlikely to be affected in the short term, MRT's competitiveness, or perceived competitiveness to potential new customers in the EU is already being affected by the uncertainty of future trading arrangements. Hence the company must remain proactive in allaying customers' concerns and providing flexible solutions once arrangements are clarified in the months and years ahead. The business is not currently exposed to currency risks associated with Brexit as all transactions with export customers are based in Sterling.

New business opportunities continue to focus on more complex, technical parts, and hence another focus through this year has been in building the skills and technical resources within MRT to meet the challenges of this type of work. An additional production engineer has been recruited, new specialist software has been implemented, and training activities have increased to support this. Two highly technical customer projects which have been in the development phase during the 2018/19 year are expected to move into production in 2019/20.

Overheads increased slightly this year, but the company continues to control costs. Gross profit dropped slightly, but assets have increased.

The company continue to operate robust, ISO certified management systems for quality, environmental and health & safety management. With an anticipated period of growth ahead, the company continues to invest in developing skills within the workforce, and planning for succession as key members of the management team approach retirement in the next 5 years.

Looking forward to 2019/20 we expect a slight upturn in sales. There will be a number of exceptional costs associated with the relocation of foundry operations into the new site, so we expect overall profit to reduce this year as a result. Productivity remains a focus for the business, to enable the company to remain competitive in the increasingly global marketplace. Automation will continue to provide opportunities for enhanced productivity, and hence investments have been made this year in our first robotic loading CNC cell, which is expected to enter full production in the 2019/20 year.

We are satisfied that there are sufficient resources available to continue trading for the foreseeable future.

As ever, we are grateful for the continued support of our employees, clients, suppliers and business partners.

# **MRT CASTINGS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2019**

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

The company had no financial instruments at the balance sheet date other than cash and financial instruments such as debtors, creditors and hire purchase contracts that arise from its operations.

The company is exposed to a variety of financial risks which result from its operating activities. The board is responsible for coordinating the company's risk management and focuses on securing the company's short to medium term cash flows.

The company does not actively engage in the trading of financial assets and has no financial derivatives. The company seeks to manage risks to ensure sufficient liquidity is available to meet its foreseeable needs. Regular contact is maintained with the company's bankers to ensure that sufficient funding is available for the company's needs if required.

By order of the board



Ms N C Rawnsen

Secretary

31/07/19

# **MRT CASTINGS LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 MARCH 2019**

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The directors present their annual report and financial statements for the year ended 31 March 2019.

### **Principal activities**

The company is engaged in the manufacture, machining and finishing of non ferrous castings and assembly of associated products.

### **Directors**

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

Mr C N Rawnsdon  
Mr K J Rawnsdon  
Mrs V A Rawnsdon  
Mr R G Baker  
Mr P J Rawnsdon

### **Results and dividends**

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

Ordinary dividends were paid amounting to £94,000. The directors do not recommend payment of a final dividend.

### **Auditor**

Wilkins Kennedy were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### **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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# **MRT CASTINGS LIMITED**

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

**FOR THE YEAR ENDED 31 MARCH 2019**

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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.

By order of the board



Ms N C Rawnsdon

Secretary

.....31/07/19

# **MRT CASTINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF MRT CASTINGS LIMITED**

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#### **Opinion**

We have audited the financial statements of MRT Castings Limited (the 'company') for the year ended 31 March 2019 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 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 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 March 2019 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**

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 company'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.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 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.



# MRT CASTINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF MRT CASTINGS 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of directors

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

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

  
Michael Tizard (Senior Statutory Auditor)  
for and on behalf of Wilkins Kennedy

Statutory Auditor

13/08/19

3-4 Eastwood Court  
Broadwater Road  
Romsey  
SO51 8JJ

# MRT CASTINGS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Turnover	3	7,000,698	7,193,742
Cost of sales		(4,108,062)	(3,829,456)
<b>Gross profit</b>		<b>2,892,636</b>	<b>3,364,286</b>
Distribution costs		(76,331)	(72,509)
Administrative expenses		(2,081,621)	(2,040,284)
<b>Operating profit</b>	<b>4</b>	<b>734,684</b>	<b>1,251,493</b>
Interest receivable and similar income	7	5,016	1,892
Interest payable and similar expenses	8	(7,641)	(12,736)
<b>Profit before taxation</b>		<b>732,059</b>	<b>1,240,649</b>
Tax on profit	9	(168,133)	(211,473)
<b>Profit for the financial year</b>		<b>563,926</b>	<b>1,029,176</b>

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

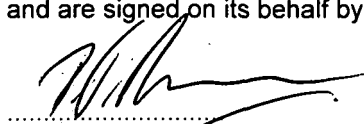
# MRT CASTINGS LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	11	2,875,147		2,229,291	
Investments	12	1,200,000		1,200,000	
		<u>4,075,147</u>		<u>3,429,291</u>	
<b>Current assets</b>					
Stocks	15	510,638		614,383	
Debtors	16	1,989,179		993,860	
Cash at bank and in hand		624,488		1,319,938	
		<u>3,124,305</u>		<u>2,928,181</u>	
<b>Creditors: amounts falling due within one year</b>	17	(1,021,482)		(895,896)	
<b>Net current assets</b>		<u>2,102,823</u>		<u>2,032,285</u>	
<b>Total assets less current liabilities</b>		<u>6,177,970</u>		<u>5,461,576</u>	
<b>Creditors: amounts falling due after more than one year</b>	18	(392,342)		(179,630)	
<b>Provisions for liabilities</b>	20	(244,028)		(210,272)	
<b>Net assets</b>		<u><u>5,541,600</u></u>		<u><u>5,071,674</u></u>	
<b>Capital and reserves</b>					
Called up share capital	23	400		400	
Share premium account		671,746		671,746	
Capital redemption reserve		80		80	
Profit and loss reserves		4,869,374		4,399,448	
<b>Total equity</b>		<u><u>5,541,600</u></u>		<u><u>5,071,674</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 31<sup>st</sup> July 2019 and are signed on its behalf by:



Mr P J Rawnsdon  
Director

Company Registration No. 03150165

# MRT CASTINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 April 2017</b>		320	191,826	80	3,445,512	3,637,738
<b>Year ended 31 March 2018:</b>						
Profit and total comprehensive income for the year		-	-	-	1,029,176	1,029,176
Issue of share capital	23	80	-	-	-	80
Dividends	10	-	-	-	(75,240)	(75,240)
Share premium on share for share exchange		-	479,920	-	-	479,920
<b>Balance at 31 March 2018</b>		400	671,746	80	4,399,448	5,071,674
<b>Year ended 31 March 2019:</b>						
Profit and total comprehensive income for the year		-	-	-	563,926	563,926
Dividends	10	-	-	-	(94,000)	(94,000)
<b>Balance at 31 March 2019</b>		400	671,746	80	4,869,374	5,541,600

# MRT CASTINGS LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	28	378,465		1,813,275	
Interest paid		(7,641)		(12,736)	
Income taxes paid		(246,628)		(185,670)	
<b>Net cash inflow from operating activities</b>		124,196		1,614,869	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(605,644)		(519,631)	
Proceeds on disposal of tangible fixed assets		24,500		-	
Purchase of subsidiaries		-		(720,000)	
Interest received		5,016		1,892	
<b>Net cash used in investing activities</b>		(576,128)		(1,237,739)	
<b>Financing activities</b>					
Payment of finance leases obligations		(149,518)		(199,419)	
Dividends paid		(94,000)		(75,240)	
<b>Net cash used in financing activities</b>		(243,518)		(274,659)	
<b>Net (decrease)/increase in cash and cash equivalents</b>		(695,450)		102,471	
Cash and cash equivalents at beginning of year		1,319,938		1,217,467	
<b>Cash and cash equivalents at end of year</b>		624,488		1,319,938	

# MRT CASTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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### 1 Accounting policies

#### Company information

MRT Castings Limited is a private company limited by shares incorporated in England and Wales. The registered office is South Way, Walworth Industrial Estate, Andover, Hampshire, SP10 5JT.

#### 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 is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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.

#### 1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.5 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:

Plant and machinery	20% straight line, 15% and 20% reducing balance
Motor vehicles	25% reducing balance

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.

# MRT CASTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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### 1 Accounting policies

(Continued)

#### 1.6 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.7 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible 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.

#### 1.9 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 Financial instruments

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# MRT CASTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

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#### 1 Accounting policies

(Continued)

##### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

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

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.12 Taxation

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



# MRT CASTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

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#### 1 Accounting policies

(Continued)

##### **Current tax**

The tax currently payable is based on taxable profit for the year. 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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 equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.13 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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.14 Retirement benefits**

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

#### **1.15 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 the profit and loss account 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 income 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 lease asset are consumed.

# MRT CASTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 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.

The main areas of accounting estimates are:

Stock provisions

Recoverability of trade debtors

### 3 Turnover and other revenue

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

	2019 £	2018 £
<b>Turnover analysed by class of business</b>		
Supply of metal castings, machined components, and associated tooling	7,000,698	7,193,742
	<u>7,000,698</u>	<u>7,193,742</u>
	2019 £	2018 £
<b>Other significant revenue</b>		
Interest income	5,016	1,892
	<u>5,016</u>	<u>1,892</u>
	2019 £	2018 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	3,679,984	3,336,280
Europe	3,257,164	3,760,554
Rest of the world	63,550	96,908
	<u>7,000,698</u>	<u>7,193,742</u>

# MRT CASTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging:		
Research and development costs	21,346	-
Fees payable to the company's auditor for the audit of the company's financial statements	9,950	9,650
Depreciation of owned tangible fixed assets	220,903	214,103
Depreciation of tangible fixed assets held under finance leases	66,584	111,449
Loss on disposal of tangible fixed assets	336	1,054
Cost of stocks recognised as an expense	895,039	878,839
Operating lease charges	220,777	213,145
	<u>2,224,541</u>	<u>2,184,678</u>

### 5 Employees

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

	2019 Number	2018 Number
Directors	5	5
Production	41	39
Admin	10	9
	<u>56</u>	<u>53</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	1,915,468	1,858,247
Social security costs	211,129	212,284
Pension costs	97,944	114,147
	<u>2,224,541</u>	<u>2,184,678</u>

# MRT CASTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	475,952	507,596
Company pension contributions to defined contribution schemes	21,307	31,331
	<u>497,259</u>	<u>538,927</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2018 - 3).

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

Remuneration for qualifying services	197,010	231,645
Company pension contributions to defined contribution schemes	10,000	10,000
	<u>197,010</u>	<u>231,645</u>

### 7 Interest receivable and similar income

	2019 £	2018 £
<b>Interest income</b>		
Interest on bank deposits	5,016	1,892
	<u>5,016</u>	<u>1,892</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	5,016	1,892
	<u>5,016</u>	<u>1,892</u>

### 8 Interest payable and similar expenses

	2019 £	2018 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on finance leases and hire purchase contracts	7,641	12,736
	<u>7,641</u>	<u>12,736</u>

# MRT CASTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

#### 9 Taxation

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	133,738	245,989
Adjustments in respect of prior periods	639	-
	<u>134,377</u>	<u>245,989</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	33,756	(34,516)
	<u>33,756</u>	<u>(34,516)</u>
<b>Total tax charge</b>	<u>168,133</u>	<u>211,473</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:

	2019 £	2018 £
Profit before taxation	<u>732,059</u>	<u>1,240,649</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	139,091	235,723
Tax effect of expenses that are not deductible in determining taxable profit	32,356	303
Permanent capital allowances in excess of depreciation	(39,556)	7,399
Under/(over) provided in the year	639	-
Deferred tax charge	33,756	(34,516)
Pension contribution deferral	1,847	2,564
	<u>168,133</u>	<u>211,473</u>
<b>Tax expense for the year</b>	<u>168,133</u>	<u>211,473</u>

# MRT CASTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

#### 10 Dividends

	2019 £	2018 £
Interim paid	94,000	75,240
	<u>94,000</u>	<u>75,240</u>

#### 11 Tangible fixed assets

	Assets under construction £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 April 2018	475,007	4,711,787	183,469	5,370,263
Additions	448,191	410,647	99,340	958,178
Disposals	-	(1,553)	(61,438)	(62,991)
At 31 March 2019	<u>923,198</u>	<u>5,120,881</u>	<u>221,371</u>	<u>6,265,450</u>
<b>Depreciation</b>				
At 1 April 2018	-	3,043,343	97,628	3,140,971
Depreciation charged in the year	-	268,427	19,060	287,487
Eliminated in respect of disposals	-	(1,553)	(36,602)	(38,155)
At 31 March 2019	<u>-</u>	<u>3,310,217</u>	<u>80,086</u>	<u>3,390,303</u>
<b>Carrying amount</b>				
At 31 March 2019	<u>923,198</u>	<u>1,810,664</u>	<u>141,285</u>	<u>2,875,147</u>
At 31 March 2018	<u>475,007</u>	<u>1,668,443</u>	<u>85,841</u>	<u>2,229,291</u>

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

	2019 £	2018 £
Plant and machinery	668,722	660,208
Motor vehicles	95,529	-
	<u>764,251</u>	<u>660,208</u>
Depreciation charge for the year in respect of leased assets	<u>66,584</u>	<u>111,449</u>

# MRT CASTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

### 12 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	14	1,200,000	1,200,000

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 April 2018 & 31 March 2019	1,200,000
<b>Carrying amount</b>	
At 31 March 2019	1,200,000
At 31 March 2018	1,200,000

### 13 Financial instruments

	2019 £	2018 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	1,817,299	947,302
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	1,203,464	705,504

### 14 Subsidiaries

Details of the company's subsidiaries at 31 March 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Sceptre Court Investments Limited	England	Property Investment	Ordinary	100.00

### 15 Stocks

	2019 £	2018 £
Raw materials and consumables	34,523	29,887
Work in progress	113,746	82,997
Finished goods and goods for resale	362,369	501,499
	510,638	614,383

# MRT CASTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 16 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,491,311	947,302
Other debtors	464,596	-
Prepayments and accrued income	33,272	46,558
	<u>1,989,179</u>	<u>993,860</u>

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

	Notes	2019 £	2018 £
Obligations under finance leases	19	141,710	151,405
Trade creditors		591,055	258,980
Corporation tax		133,738	245,989
Other taxation and social security		76,622	124,033
Other creditors		43,773	77,188
Accruals and deferred income		34,584	38,301
		<u>1,021,482</u>	<u>895,896</u>

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

	Notes	2019 £	2018 £
Obligations under finance leases	19	392,342	179,630
		<u>392,342</u>	<u>179,630</u>

### 19 Finance lease obligations

	2019 £	2018 £
<b>Future minimum lease payments due under finance leases:</b>		
Within one year	141,710	151,405
In two to five years	392,342	179,630
	<u>534,052</u>	<u>331,035</u>

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. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.



# MRT CASTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 20 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	21	244,028	210,272

### 21 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 2019 £	Liabilities 2018 £
<b>Balances:</b>		
Accelerated capital allowances	244,028	210,272
<b>Movements in the year:</b>		2019 £
Liability at 1 April 2018		210,272
Charge to profit or loss		33,756
Liability at 31 March 2019		244,028

The deferred tax liability set out above is expected to reverse in future years and relates to accelerated capital allowances that are expected to mature over time.

### 22 Retirement benefit schemes

	2019 £	2018 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	97,944	114,147

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.

# MRT CASTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 23 Share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
400 Ordinary shares of £1 each	400	400
	<u>400</u>	<u>400</u>

### 24 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:

	2019 £	2018 £
Within one year	154,738	192,602
Between two and five years	444,040	481,268
In over five years	233,534	332,044
	<u>832,312</u>	<u>1,005,914</u>

### 25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2019 £	2018 £
Acquisition of tangible fixed assets	576,526	-
	<u>576,526</u>	<u>-</u>

### 26 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019 £	2018 £
Aggregate compensation	621,050	660,522
	<u>621,050</u>	<u>660,522</u>

During the year dividends paid to directors totalled £45,675 (2018: £54,855). During the year dividends paid to non-director related parties totalled £48,325 (2018: £20,385).

At the year end, £165,000 was due from Third Generation Holdings Limited, a company which has common directors and shareholders. This loan is interest free and repayable on demand.

# MRT CASTINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 27 Controlling party

The smallest and largest group into which these financial statements are consolidated is that of the parent company, Morris Rawnsdon & Taylor Group Limited, a company incorporated in England and Wales. The consolidated group accounts are publicly available from Companies House.

### 28 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	563,926	1,029,176
<b>Adjustments for:</b>		
Taxation charged	168,133	211,473
Finance costs	7,641	12,736
Investment income	(5,016)	(1,892)
Loss on disposal of tangible fixed assets	336	1,054
Depreciation and impairment of tangible fixed assets	287,487	325,552
(Decrease) in provisions	-	(30,550)
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	103,745	(137,996)
(Increase)/decrease in debtors	(856,711)	578,212
Increase/(decrease) in creditors	108,924	(174,490)
<b>Cash generated from operations</b>	<b>378,465</b>	<b>1,813,275</b>