

Registered number: 03739162

BOUGHTON ENGINEERING LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021



BOUGHTON ENGINEERING LIMITED

COMPANY INFORMATION

Directors	R A Skan R J Skan N Paul S R H Watson (appointed 1 March 2022)
Company secretary	R A Skan
Registered number	03739162
Registered office	425-433 Stratford Road Shirley Solihull West Midlands B90 4AE
Independent auditor	Cooper Parry Group Limited Chartered Accountants & Statutory Auditor Cubo Birmingham Office 301 4th Floor Two Chamberlain Square Birmingham B3 3AX

BOUGHTON ENGINEERING LIMITED

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BOUGHTON ENGINEERING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their strategic report for Boughton Engineering Limited for the year ended 30 September 2021.

Principal activity

The principal activity of the company during the year continued to be that of the manufacture and sale of vehicle and trailer mounted equipment for various purposes.

Business review

Although the effects of the Covid-19 pandemic and the uncertainty surrounding Brexit have continued to impact the company, the turnover for the year has increased by 43%.

This improvement in turnover has resulted in a trading profit for the year. The directors have taken the necessary actions to ensure that the company will continue to grow and improve profitability in the future.

Although this year has been difficult, the company still continues to enjoy a strong market reputation for its product which will ensure that the company recovers quickly from the effects of the pandemic and Brexit transition.

Principal risks and uncertainties

In common with most UK companies, the Covid-19 pandemic, the Brexit transition, foreign currency fluctuations and foreign competition are ongoing risks to the business.

The business has been impacted by the Covid-19 pandemic and the continuation of the pandemic will present major risks to the business for the future although the directors are confident that the business will return to profitability in the new financial year.

As the company's sales are within the UK the currency exposure risk is minimal and confined to some components sourced from outside the UK.

The company transacts the majority of its sales on credit terms which give rise to the possibility of the counterparties failing to meet their payment obligations. The company attempts to mitigate this risk by utilising credit reports on the customers and applying appropriate credit limits and delivery terms.

The exposure of the company to the price risk of financial instruments is considered to be minimal. Other than the credit sales mentioned above the counterparty to all financial instruments is the company's bankers and the exposure there is considered to be minimal. The directors do not consider that the other risks attaching to the use of financial instruments are material to an assessment of the company's financial position or its result for the year.

The company's ultimate parent undertaking makes available funding for the company if it is required.

Development and performance

The company continues to develop and improve its product range.

This report was approved by the board on 20th June 2022, and signed on its behalf by:

.....
R J Skan
Director

BOUGHTON ENGINEERING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their report and the financial statements for the year ended 30 September 2021.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the 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 for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to 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.

Results and dividends

The profit for the year, after taxation, amounted to £21,970 (2020: loss £446,002).

No dividends (2020: £988,057) were declared and paid during the year.

Directors

The directors who served during the year are shown on the company information page.

Future developments

The directors do not foresee any significant changes to the company's principal activity.

Matters covered in the strategic report

The company has chosen, in accordance with s414C(11) of the Companies Act 2006, to set out in the Strategic Report information which would otherwise be required by Schedule 7 of the 'Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008' to be contained in the Directors' Report. Information on principal risks and uncertainties has been included in the Strategic Report.

BOUGHTON ENGINEERING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Cooper Parry Group Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

R J Skan
Director

Date: 20th June 2022.

BOUGHTON ENGINEERING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOUGHTON ENGINEERING LIMITED

Opinion

We have audited the financial statements of Boughton Engineering Limited (the 'company') for the year ended 30 September 2021, which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes, 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 the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

BOUGHTON ENGINEERING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOUGHTON ENGINEERING LIMITED (CONTINUED)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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.

BOUGHTON ENGINEERING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOUGHTON ENGINEERING LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the key laws and regulations that are applicable to the company. We determined that the most significant laws and regulations in the context of the financial statements included but were not limited to the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We also assessed which areas of the financial statements are more susceptible to misstatement. We considered the opportunities and incentives that may exist within the organisation for fraud, and identified the greatest potential for fraud in revenue recognition. We are also mandated to perform specific procedures under ISAs (UK) to respond to the risk of management override.

The primary responsibility for the prevention and detection of fraud and irregularities rests with those charged with governance of the company and management. We are not responsible for preventing irregularities. Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We enquired of management regarding any instances of known or suspected fraud or non-compliance with laws and regulations, as well as any actual or potential litigation and claims;
- We reviewed correspondence with legal and regulatory bodies where applicable;
- We read the minutes of meetings of management and those charged with governance;
- We agreed the financial statements disclosures to underlying supporting documentation;
- We assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias, in particular management's assessment of the valuation of stock and trade debtors;
- We gained an understanding of the design and implementation of the processes and controls in place within the company which are designed to prevent, detect or correct fraud or error within the financial statements;
- We identified and tested a sample of journal entries which we considered to be unusual and may be indicative of bias on the part of management or those charged with governance, investigating the rationale behind significant or unusual transactions.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect any irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather

BOUGHTON ENGINEERING LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOUGHTON ENGINEERING LIMITED
(CONTINUED)**

than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation.

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. 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 for our audit work, for this report, or for the opinions we have formed.



Paul Rowley BA ACA (Senior statutory auditor)

for and on behalf of
Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

Cubo Birmingham
Office 301
4th Floor
Two Chamberlain Square
Birmingham
B3 3AX

Date:

29 June 2022

BOUGHTON ENGINEERING LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Note	2021 £	2020 £
Turnover	3	9,414,195	6,602,598
Cost of sales		<u>(6,693,215)</u>	<u>(5,257,915)</u>
Gross profit		2,720,980	1,344,683
Administrative expenses		(2,687,144)	(2,590,173)
Other operating income	4	<u>68,479</u>	<u>660,843</u>
Operating profit/(loss)	5	102,315	(584,647)
Tax on profit/(loss)	9	<u>(80,345)</u>	<u>138,645</u>
Profit/(loss) after tax		<u><u>21,970</u></u>	<u><u>(446,002)</u></u>
Retained earnings at the beginning of the year		789,205	2,233,264
Profit/(loss) for the year		21,970	(446,002)
Dividends declared and paid		<u>-</u>	<u>(998,057)</u>
Retained earnings at the end of the year		<u><u>811,175</u></u>	<u><u>789,205</u></u>

There were no recognised gains and losses for 2021 or 2020 other than those included in the profit and loss account.

The notes on pages 11 to 23 form part of these financial statements.

BOUGHTON ENGINEERING LIMITED
REGISTERED NUMBER: 03739162

BALANCE SHEET
AS AT 30 SEPTEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible fixed assets	11	268,279	311,947
Current assets			
Stocks	12	1,805,714	1,625,621
Debtors: amounts falling due within one year	13	885,198	1,520,606
Cash at bank and in hand		2,008,840	1,108,403
		<u>4,699,752</u>	<u>4,254,630</u>
Creditors: amounts falling due within one year	14	<u>(4,116,854)</u>	<u>(3,737,370)</u>
Net current assets		<u>582,898</u>	<u>517,260</u>
Total assets less current liabilities		<u>851,177</u>	<u>829,207</u>
Net assets		<u><u>851,177</u></u>	<u><u>829,207</u></u>
Capital and reserves			
Called up share capital	16	3	3
Share premium account	17	39,999	39,999
Profit and loss account	17	811,175	789,205
		<u>851,177</u>	<u>829,207</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on:

.....
R J Skan
 Director

The notes on pages 11 to 23 form part of these financial statements.

BOUGHTON ENGINEERING LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2019	3	39,999	2,233,264	2,273,266
Comprehensive income for the year				
Loss for the year	-	-	(446,002)	(446,002)
Dividends: Equity capital	-	-	(998,057)	(998,057)
At 1 October 2020	3	39,999	789,205	829,207
Comprehensive income for the year				
Profit for the year	-	-	21,970	21,970
At 30 September 2021	3	39,999	811,175	851,177

The notes on pages 11 to 23 form part of these financial statements.

BOUGHTON ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. Accounting policies

1.1 Basis of preparation of financial statements

Boughton Engineering Limited is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is shown on the company information page.

The financial statements are prepared in sterling (£) which is the functional currency of the company. The financial statements are for the year ended 30 September 2021 (2020: year ended 30 September 2020).

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Skan Group Holdings Limited as at 30 September 2021 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

BOUGHTON ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. Accounting policies (continued)

1.3 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.

The effects of the Covid-19 pandemic and Brexit continue to cause some disruption. However, based on the forecasts for the company and the company's strong balance sheet, the directors believe the company is well placed to trade through these uncertain times.

The parent company has confirmed that, if required, it will provide financial support as necessary to enable the company to meet its liabilities as they fall due, in that it will not seek repayment of balances until the company has sufficient financial resources to enable any payment to be made without detriment to the company's trading position. The directors are also directors of Boughton Engineering Limited and are therefore satisfied that the parent company has the financial resources to provide this financial support should it be required.

On this basis the directors are confident that the company has adequate resources to continue in operation and, accordingly, have adopted the going concern basis in preparing the financial statements.

1.4 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

BOUGHTON ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. Accounting policies (continued)

1.5 Operating leases: the company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in profit or loss in the same period as the related expenditure.

1.7 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

1.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

BOUGHTON ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. Accounting policies (continued)

1.9 Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position 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.

1.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Short-term leasehold property	- 10% on cost, over the life of the lease
Plant and machinery	- 10% on cost
Motor vehicles	- 25% on reducing balance
Computer equipment	- 20% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

1.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

Work in progress is valued on the basis of direct cost based on normal levels of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.12 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

All basic financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

BOUGHTON ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

1. Accounting policies (continued)

1.12 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

1.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

BOUGHTON ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The directors make estimates and assumptions concerning the future. They are also required to exercise judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Carrying value of stocks

The directors review the market value of and demand for its stock on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stock. The directors use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices. Work in progress is valued on the basis of direct cost based on a normal level of activity. Provision is made for only foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Recoverability of trade and other debtors

Trade and other debtors are recognised to the extent that they are judged recoverable. The directors' reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

The directors make allowances for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The directors specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such a difference will impact the carrying value of debtors and the charge in the profit and loss account.

Leases

The directors determine whether leases entered into by the company either as a lessor or a lessee are operating or leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain. The company takes professional advice on its tax affairs and recognises liabilities for anticipated tax based on estimates of what taxation is likely to be due.

3. Turnover

The whole of the turnover is attributable to the principal activity of the company and arose within the United Kingdom.

BOUGHTON ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

4. Other operating income

	2021	2020
	£	£
Rental income	-	1,706
Government grants receivable	68,479	659,137
	<u>68,479</u>	<u>660,843</u>

5. Operating profit/(loss)

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

	2021	2020
	£	£
Exchange differences	(3,689)	1,277
Other operating lease rentals	210,714	233,031
Depreciation on tangible fixed assets	114,488	121,886
	<u>114,488</u>	<u>121,886</u>

6. Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	10,000	8,250
	<u>10,000</u>	<u>8,250</u>

BOUGHTON ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

7. Employees

	2021	2020
	£	£
Wages and salaries	2,145,936	2,510,138
Social security costs	202,074	229,694
Cost of defined contribution scheme	50,716	56,972
	<u>2,398,726</u>	<u>2,796,804</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021	2020
	No.	No.
Management and administration	20	27
Sales	4	5
Production	52	65
	<u>76</u>	<u>97</u>

8. Directors' remuneration

	2021	2020
	£	£
Directors' emoluments	<u>12,000</u>	<u>12,000</u>

9. Taxation

	2021	2020
	£	£
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	127,112	(144,191)
Adjustments in respect of prior periods	(10,744)	1,245
Effect of tax rate change on opening balance	(36,023)	4,301
Total deferred tax	<u>80,345</u>	<u>(138,645)</u>
Taxation on profit/(loss) on ordinary activities	<u>80,345</u>	<u>(138,645)</u>

BOUGHTON ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 -lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit/(loss) on ordinary activities before tax	102,315	(584,647)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 -19%)	19,440	(111,083)
Effects of:		
Expenses not deductible for tax purposes	233	637
Capital allowances for year in excess of depreciation	-	279
Fixed asset differences	(1,190)	-
Adjustments to tax charge in respect of prior periods	-	1,245
Adjustments to tax charge in respect of prior periods - deferred tax	(10,744)	-
Group relief surrendered	205,479	89,476
Additional deduction for research and development expenditure	(127,357)	(123,500)
Remeasurement of deferred tax for changes in tax rates	(5,516)	4,301
Total tax credit for the year	80,345	(138,645)

Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023. On the 24 May 2021 this rate was substantively enacted and so the deferred tax rate applicable at 30 September 2021 is 25%.

10. Dividends

	2021 £	2020 £
Dividends paid on Ordinary share capital of £Nil per share (2020: £375,000)	-	750,000
Dividends paid on Ordinary A share capital of £Nil per share (2020: £3,758)	-	248,057
	-	998,057

BOUGHTON ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

11. Tangible fixed assets

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost or valuation					
At 1 October 2020	13,213	566,227	73,450	221,565	874,455
Additions	-	34,882	-	37,661	72,543
Disposals	-	-	(38,700)	-	(38,700)
At 30 September 2021	<u>13,213</u>	<u>601,109</u>	<u>34,750</u>	<u>259,226</u>	<u>908,298</u>
Depreciation					
At 1 October 2020	4,649	336,953	69,631	151,275	562,508
Charge for the year	1,468	61,043	2,096	49,881	114,488
Disposals	-	-	(36,977)	-	(36,977)
At 30 September 2021	<u>6,117</u>	<u>397,996</u>	<u>34,750</u>	<u>201,156</u>	<u>640,019</u>
Net book value					
At 30 September 2021	<u>7,096</u>	<u>203,113</u>	<u>-</u>	<u>58,070</u>	<u>268,279</u>
At 30 September 2020	<u>8,564</u>	<u>229,274</u>	<u>3,819</u>	<u>70,290</u>	<u>311,947</u>

BOUGHTON ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

12. Stocks

	2021	2020
	£	£
Raw materials and consumables	1,513,221	1,430,926
Work in progress	292,493	194,695
	<u>1,805,714</u>	<u>1,625,621</u>

13. Debtors

	2021	2020
	£	£
Trade debtors	783,498	1,243,453
Other debtors	9,180	10,942
Prepayments and accrued income	69,536	94,619
Tax recoverable	-	68,263
Deferred taxation	22,984	103,329
	<u>885,198</u>	<u>1,520,606</u>

14. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	1,126,707	579,761
Amounts owed to group undertakings	2,187,358	2,285,261
Social security and other taxes	61,986	56,028
VAT	298,959	370,171
Other creditors	98,053	118,954
Accruals and deferred income	343,791	327,195
	<u>4,116,854</u>	<u>3,737,370</u>

15. Deferred taxation

	2020
	£
At beginning of year	103,329
Charged to profit or loss	(80,345)
At end of year	<u>22,984</u>

BOUGHTON ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

15. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(59,038)	(50,950)
Short term timing differences	21,491	29,578
Losses and other deductions	60,531	124,701
	<u>22,984</u>	<u>103,329</u>

16. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
2 (2020 -2) Ordinary shares of £1.00 each	2	2
66 (2020 -66) Ordinary A shares of £0.01 each	1	1
	<u>3</u>	<u>3</u>

Rights of share classes

Ordinary shares have attached to them full dividend rights, and the right to cast such number of votes as a class to equate to 95% of the votes capable of being cast at any general meeting or upon a written resolution. On a capital distribution, the Ordinary shares are entitled to the first £4.8 million plus 60% of any remaining balance thereafter.

Ordinary A shares do not confer any dividend rights, but will be entitled to a maximum of 25% of the aggregate total of any dividend declared. Ordinary A shares have the right to cast such number of votes as a class to equate to 5% of the votes capable of being cast at any general meeting or upon a written resolution. On a capital distribution, the Ordinary A shares are entitled to 40% of any remaining balance over and above £4.8 million.

17. Reserves

Share premium account

The share premium account represents consideration received for shares issues above their nominal value net of transaction costs.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

BOUGHTON ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

18. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £50,716 (2020: £56,972). Contributions totaling £10,986 (2020: £18,954) were payable at the balance sheet date and are within other creditors.

19. Commitments under operating leases

At 30 September 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	163,940	187,820
Later than 1 year and not later than 5 years	570,000	619,940
Later than 5 years	-	114,000
	<u>733,940</u>	<u>921,760</u>

20. Related party transactions

Key management personnel remuneration is disclosed at note 8 to these financial statements.

During the year rent of £152,004 (2020: £152,004) was paid to a company which owns the properties from which Boughton Engineering Limited trades, and is related by virtue of common directors.

Included within creditors due within one year is amounts due to group companies at the year end of £2,187,504 (2020: £2,591,504). During the year, the company paid motor expense rental charges of £42,504 (2020: £42,504) and a management charge of £535,000 (2020: £600,000) to group companies.

21. Controlling party

The ultimate parent undertaking is Skan Group Holdings Limited and the ultimate controlling party is Mr R J Skan.

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Skan Group Holdings Limited. Consolidated accounts are available from Companies House, Crown Way, Cardiff, CF14 3UZ.