

REGISTERED NUMBER: 01644542 (England and Wales)

Strategic Report, Report of the Directors and
Audited Financial Statements for the Year Ended 31 October 2018
for
Abbey Forged Products Limited

Abbey Forged Products Limited (Registered number: 01644542)

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for the Year Ended 31 October 2018**

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Abbey Forged Products Limited

Company Information
for the Year Ended 31 October 2018

DIRECTORS: Mrs J M Neal
Mr R S Neal
Mr J S Neal

SECRETARY: Mrs J M Neal

REGISTERED OFFICE: Beeley Wood Works
Beeley Wood Lane
Sheffield
South Yorkshire
S6 1ND

REGISTERED NUMBER: 01644542 (England and Wales)

AUDITORS: Sutton McGrath Hartley
5 Westbrook Court
Sharrowvale Road
Sheffield
South Yorkshire
S11 8YZ

Abbey Forged Products Limited (Registered number: 01644542)

**Strategic Report
for the Year Ended 31 October 2018**

The directors present their strategic report for the year ended 31 October 2018.

REVIEW OF BUSINESS

The company has seen a very small decrease in turnover of approximately 2% but a slight dip in overall profitability due to tightened margins and a challenging marketplace. A backdrop of political uncertainty, Brexit and a weakening pound have also impacted results negatively. Despite this the company expects to reverse the profitability dip, achieve future turnover growth and continue technological advancements in line with its expectations.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is present in all businesses. The directors consider the major risks and uncertainties at this point in time are:

1. Product Mix

Commodity-like steel products face higher degrees of competition and are more exposed to price volatility. The company produces higher value added products that provide above average margins, stable volumes and contribute to a reduction on relative earnings fluctuations.

2. Raw Material Position

The cost efficiency of the company's operations is highly dependent on the cost and availability of raw materials. The company does not rely too heavily on one major supplier for raw materials, which gives the company access to readily available raw materials at competitive prices.

3. Market Volatility

Being that the company operates in the steel industry, its earnings are exposed to cyclical changes to supply and demand, resulting in price fluctuations which can lead to varied and volatile financial performance. Management have significant experience in the steel industry which allows them to take a proactive response to cyclical changes in order to reduce the risk that market volatility has on the company's financial performance.

Abbey Forged Products Limited (Registered number: 01644542)**Strategic Report**
for the Year Ended 31 October 2018**PERFORMANCE MONITORING**

The board monitors the company's performance in a number of ways including key performance indicators. The key financial performance indicators for the company are as follows:

| | 2018 | 2017 |
|--------------------------------------|------------|------------|
| | £ | £ |
| Revenue | 23,660,495 | 23,838,490 |
| Return On Capital Employed | 1.7% | 12% |
| Operating Profit/(Loss) per Employee | 545 | 11,297 |
| Turnover per Employee | 120,717 | 122,124 |
| Gross Profit Margin | 19% | 28% |
| Operating Profit Margin | 0.5% | 9.3% |
| Current Ratio | 1.11:1 | 1.28:1 |

The revenue indicator represents the value of goods delivered to customers in the year and measures sales reduction in value terms.

The return on capital employed indicator represents the value of return to the shareholder in the year through the activities of the business and measures return in value terms.

The operating profit per employee indicator represents the contribution per employee to overall profit levels and measures growth per employee in value terms.

The turnover per production employee indicator represents the value of sales output per employee and measures production efficiency in value terms.

The gross profit margin is calculated by dividing gross profit by revenue and measures the total profitability of product sales.

The operating profit margin is the profit generated by the company from operations excluding finance and investment income and costs before taxation. This indicator measures the overall profitability of the business for the year.

The current ratio indicator represents the value of the company's current assets to its current liabilities and measures the ability of the company to finance its current liabilities from business operations as they fall due.

The board also considers the following key non-financial performance indicators:

1. Customer mix against plans
2. Sales activities measured against results.

These non-financial indicators are reviewed regularly by the board.

ON BEHALF OF THE BOARD:

Mrs J M Neal - Director

30 July 2019

Abbey Forged Products Limited (Registered number: 01644542)

**Report of the Directors
for the Year Ended 31 October 2018**

The directors present their report with the financial statements of the company for the year ended 31 October 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of dealing in stainless steel.

DIVIDENDS

Particulars of dividends are detailed on note 4 to the financial statements.

FUTURE DEVELOPMENTS

The company plans to return to growth in future years and the directors are focused and confident regarding business development in the future. The Directors expect their overall general investments within the company to increase the company's trade and profits in future years.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 November 2017 to the date of this report.

Mrs J M Neal
Mr R S Neal
Mr J S Neal

FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise of bank balances, trade creditors, trade debtors and loans both to and from the company.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance in order to ensure all due amounts can be paid within the deadlines stipulated when credit is taken. The company makes use of additional funds held in excess of that required for day to day running of the company by investing them in high interest accounts. These have instant access to ensure money is available where required to meet any day to day demands on cash flow.

In respect of loans to and from the company, these comprise of loans both from and to directors and to employees. The loans to and from directors and to employees are interest free and payable on demand. The directors are aware of the company's financial position and would not withdraw funds unless the company had sufficient funds to satisfy the day to day running of the business.

Trade debtors are managed in respect of credit and cash flow risk by the regular monitoring of amounts outstanding for time limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet the amounts due.

DONATIONS AND EXPENDITURE

During the year the company made charitable donations to the following charities;

The Childrens Hospital Charity - £39,000

The Prince's Trust - £3,000

The Outward Bound Trust - £18,500

Various smaller donations - £4,220

DIRECTORS INDEMNITY PROVISIONS

The directors have been granted a qualifying third party indemnity provision under Section 234 of the Companies Act

2006. This indemnity does not provide cover in the event of a director being proven to have acted fraudulently or dishonestly.

Abbey Forged Products Limited (Registered number: 01644542)

**Report of the Directors
for the Year Ended 31 October 2018**

EMPLOYEE POLICIES

The company has equal opportunities policies which are applied to job applicants and existing employees.

Full and fair consideration is given to the employment of disabled persons and the company has made, and will continue to make every effort to retain and assist individuals disabled in the course of their employment and to help with their rehabilitation.

Employees are made aware of the financial and economic factors affecting the achievements of the company for which they work and the way in which their personal contributions are of fundamental importance to the further success of the business.

DISCLOSURE IN THE STRATEGIC REPORT

The directors have chosen to disclose in their strategic report information including a fair review of business in the period alongside comments surrounding the financial risk management objectives and policies of the entity. This is also accompanied by a detailed performance monitoring section containing KPI's the directors feel measure the entity most accurately.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website and for following applicable accounting standards.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of

the Companies Act

2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have

taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the

company's auditors are aware of that information. Page 5

Abbey Forged Products Limited (Registered number: 01644542)

**Report of the Directors
for the Year Ended 31 October 2018**

AUDITORS

The auditors, Sutton McGrath Hartley, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mrs J M Neal - Director

30 July 2019

**Report of the Independent Auditors to the Members of
Abbey Forged Products Limited**

Opinion

We have audited the financial statements of Abbey Forged Products Limited (the 'company') for the year ended 31 October 2018 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity 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 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 31 October 2018 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement

in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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**Report of the Independent Auditors to the Members of
Abbey Forged Products Limited**

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 Report of the Directors.

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

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Jonathon Dickens ACA (Senior Statutory Auditor)

for and on behalf of Sutton McGrath Hartley
5 Westbrook Court
Sharrowvale Road
Sheffield
South Yorkshire
S11 8YZ

30 July 2019

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Abbey Forged Products Limited (Registered number: 01644542)**Income Statement
for the Year Ended 31 October 2018**

| | Notes | 2018 £ | 2017 £ |
|--|-------|---------------------|--------------|
| TURNOVER | 3 | 23,660,495 | 23,838,490 |
| Cost of sales | | (19,179,240) | (17,069,178) |
| GROSS PROFIT | | 4,481,255 | 6,769,312 |
| Administrative expenses | | (4,376,899) | (4,431,313) |
| | | 104,356 | 2,337,999 |
| Other operating income | | 2,383 | - |
| OPERATING PROFIT | 5 | 106,739 | 2,337,999 |
| Income from shares in group undertakings | 7 | 160,000 | 140,000 |
| Interest receivable and similar income | | 23,149 | 24,979 |
| | | 289,888 | 2,502,978 |
| Interest payable and similar expenses | 8 | (13) | - |
| PROFIT BEFORE TAXATION | | 289,875 | 2,502,978 |
| Tax on profit | 9 | (270,049) | (451,413) |
| PROFIT FOR THE FINANCIAL YEAR | | 19,826 | 2,051,565 |

The notes form part of these financial statements

Abbey Forged Products Limited (Registered number: 01644542)**Other Comprehensive Income
for the Year Ended 31 October 2018**

| Notes | 2018 £ | 2017 £ |
|--|----------------|----------------|
| PROFIT FOR THE YEAR | 19,826 | 2,051,565 |
| OTHER COMPREHENSIVE INCOME | _____ - | _____ - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 19,826 | 2,051,565 |

The notes form part of these financial statements

Abbey Forged Products Limited (Registered number: 01644542)**Statement of Financial Position**
31 October 2018

| | Notes | 2018 £ | 2017 £ |
|--|-------|--------------------------|--------------------------|
| FIXED ASSETS | | | |
| Tangible assets | 11 | 13,788,240 | 12,861,063 |
| Investments | 12 | 178,547 | 178,547 |
| Investment property | 13 | 219,631 | 219,631 |
| | | <u>14,186,418</u> | <u>13,259,241</u> |
| CURRENT ASSETS | | | |
| Stocks | 14 | 541,133 | 508,196 |
| Debtors | 15 | 16,759,952 | 15,917,552 |
| Cash at bank and in hand | | 10,613,935 | 14,275,855 |
| | | <u>27,915,020</u> | <u>30,701,603</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 16 | (25,073,029) | (23,971,303) |
| NET CURRENT ASSETS | | <u>2,841,991</u> | <u>6,730,300</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 17,028,409 | 19,989,541 |
| PROVISIONS FOR LIABILITIES | 17 | <u>(291,108)</u> | <u>(162,066)</u> |
| NET ASSETS | | <u>16,737,301</u> | <u>19,827,475</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 18 | 100 | 100 |
| Retained earnings | 19 | 16,737,201 | 19,827,375 |
| SHAREHOLDERS' FUNDS | | <u>16,737,301</u> | <u>19,827,475</u> |

The financial statements were approved by the Board of Directors on 30 July 2019 and were signed on its behalf by:

Mrs J M Neal - Director

The notes form part of these financial statements

Abbey Forged Products Limited (Registered number: 01644542)**Statement of Changes in Equity**
for the Year Ended 31 October 2018

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|-----------------------------------|--|------------------------------------|-------------------------------|
| Balance at 1 November 2016 | 100 | 19,750,810 | 19,750,910 |
| Changes in equity | | | |
| Dividends | - | (1,975,000) | (1,975,000) |
| Total comprehensive income | - | 2,051,565 | 2,051,565 |
| Balance at 31 October 2017 | <u>100</u> | <u>19,827,375</u> | <u>19,827,475</u> |
| Changes in equity | | | |
| Dividends | - | (3,110,000) | (3,110,000) |
| Total comprehensive income | - | 19,826 | 19,826 |
| Balance at 31 October 2018 | <u>100</u> | <u>16,737,201</u> | <u>16,737,301</u> |

The notes form part of these financial statements

Abbey Forged Products Limited (Registered number: 01644542)

**Notes to the Financial Statements
for the Year Ended 31 October 2018**

1. **STATUTORY INFORMATION**

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

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

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

Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows.

Preparation of consolidated financial statements

The financial statements contain information about Abbey Forged Products Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, The Abbey Group UK Ltd, Beeley Wood Works, Sheffield, S6 1ND.

Turnover

Turnover is the amount derived from ordinary activities measured at the fair value of the consideration received or receivable. The stated amount is after trade discounts, other sales taxes and Value Added Tax, in accordance with FRS102 Section 23.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|-----------------------|-------------------------------|
| Freehold property | - not provided |
| Long leasehold | - not provided |
| Plant and machinery | - 25% on cost and 10% on cost |
| Fixtures and fittings | - 25% on cost |
| Motor vehicles | - 25% on cost |
| Computer equipment | - 33% on cost |

The directors consider that freehold properties are maintained in such a state of repair that their residual value is at least equal to their net book values. As a result, the corresponding depreciation would not be material and therefore is not charged in the profit and loss account.

The directors perform annual impairment reviews in accordance with the requirements of FRS102 Section 17 and Section 27 to ensure that the carrying value is not lower than the recoverable amount.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

Abbey Forged Products Limited (Registered number: 01644542)

Notes to the Financial Statements - continued
for the Year Ended 31 October 2018

2. **ACCOUNTING POLICIES - continued**

Stocks

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

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

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

Foreign currencies

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

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

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

3. **TURNOVER**

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

An analysis of turnover by geographical market is given below:

| | 2018 | 2017 |
|---------------|--------------------------|--------------------------|
| | £ | £ |
| UK | 19,124,750 | 20,060,539 |
| Europe | 1,948,599 | 1,442,619 |
| Rest of World | 2,587,146 | 2,335,332 |
| | <u>23,660,495</u> | <u>23,838,490</u> |

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Abbey Forged Products Limited (Registered number: 01644542)**Notes to the Financial Statements - continued
for the Year Ended 31 October 2018****4. EMPLOYEES AND DIRECTORS**

| | 2018 | 2017 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 6,286,147 | 5,917,556 |
| Social security costs | 648,869 | 592,269 |
| Other pension costs | 111,514 | 86,943 |
| | <u>7,046,530</u> | <u>6,596,768</u> |

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

| | 2018 | 2017 |
|--------------------------------------|------------|------------|
| Production and Manual Administration | 144 | 127 |
| | <u>52</u> | <u>67</u> |
| | <u>196</u> | <u>194</u> |

| | 2018 | 2017 |
|--|------------|------------|
| | £ | £ |
| Directors' remuneration | 267,540 | 228,082 |
| Directors' pension contributions to money purchase schemes | <u>633</u> | <u>373</u> |

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

| | | |
|------------------------|----------|----------|
| Money purchase schemes | <u>3</u> | <u>3</u> |
|------------------------|----------|----------|

Information regarding the highest paid director is as follows:

| | 2018 | 2017 |
|---|------------|------------|
| | £ | £ |
| Emoluments etc | 151,668 | 142,316 |
| Pension contributions to money purchase schemes | <u>633</u> | <u>373</u> |

5. OPERATING PROFIT

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

| | 2018 | 2017 |
|---|---------------|---------------|
| | £ | £ |
| Other operating leases | 105,012 | 45,700 |
| Depreciation - owned assets | 650,772 | 468,560 |
| Profit on disposal of fixed assets | (30,277) | - |
| Auditors' remuneration | 11,664 | 11,790 |
| Auditors' remuneration for non audit work | <u>27,936</u> | <u>44,892</u> |

6. EXCEPTIONAL ITEMS

| | 2018 | 2017 |
|-------------------|------------------|----------|
| | £ | £ |
| Exceptional items | <u>(523,756)</u> | <u>-</u> |

Exceptional items relate to a Health and Safety Executive fine and associated costs incurred in the period as a result of a HSE hearing into an accident some years ago.

Abbey Forged Products Limited (Registered number: 01644542)**Notes to the Financial Statements - continued
for the Year Ended 31 October 2018**

| | | | |
|-----|---|-------------------------|------------------|
| 7. | INCOME FROM SHARES IN GROUP UNDERTAKINGS | | |
| | | 2018 | 2017 |
| | | £ | £ |
| | Shares in group undertakings | <u>160,000</u> | <u>140,000</u> |
| 8. | INTEREST PAYABLE AND SIMILAR EXPENSES | | |
| | | 2018 | 2017 |
| | | £ | £ |
| | Interest on overdue taxation | <u>13</u> | <u>-</u> |
| 9. | TAXATION | | |
| | Analysis of the tax charge | | |
| | The tax charge on the profit for the year was as follows: | | |
| | | 2018 | 2017 |
| | | £ | £ |
| | Current tax: | | |
| | UK corporation tax | 141,007 | 455,713 |
| | Deferred tax | <u>129,042</u> | <u>(4,300)</u> |
| | Tax on profit | <u>270,049</u> | <u>451,413</u> |
| | Reconciliation of total tax charge included in profit and loss | | |
| | The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below: | | |
| | | 2018 | 2017 |
| | | £ | £ |
| | Profit before tax | <u>289,875</u> | <u>2,502,978</u> |
| | Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%) | 55,076 | 475,566 |
| | Effects of: | | |
| | Expenses not deductible for tax purposes | 107,708 | 5,842 |
| | Income not taxable for tax purposes | (30,400) | (26,600) |
| | Capital allowances in excess of depreciation | - | (8,815) |
| | Depreciation in excess of capital allowances | 8,623 | - |
| | Tax charged at higher rates | - | 9,720 |
| | Deferred Tax | <u>129,042</u> | <u>(4,300)</u> |
| | Total tax charge | <u>270,049</u> | <u>451,413</u> |
| 10. | DIVIDENDS | | |
| | | 2018 | 2017 |
| | | £ | £ |
| | Interim | <u>3,110,000</u> | <u>1,975,000</u> |

Abbey Forged Products Limited (Registered number: 01644542)**Notes to the Financial Statements - continued
for the Year Ended 31 October 2018**11. **TANGIBLE FIXED ASSETS**

| | Freehold property £ | Long leasehold £ | Plant and machinery £ |
|------------------------|---------------------------|------------------------|-----------------------------|
| COST | | | |
| At 1 November 2017 | 10,192,919 | 377,307 | 4,444,065 |
| Additions | 698,768 | - | 815,390 |
| Disposals | - | - | (53,750) |
| At 31 October 2018 | <u>10,891,687</u> | <u>377,307</u> | <u>5,205,705</u> |
| DEPRECIATION | | | |
| At 1 November 2017 | - | - | 2,238,001 |
| Charge for year | - | - | 572,032 |
| Eliminated on disposal | - | - | (13,456) |
| At 31 October 2018 | <u>-</u> | <u>-</u> | <u>2,796,577</u> |
| NET BOOK VALUE | | | |
| At 31 October 2018 | <u>10,891,687</u> | <u>377,307</u> | <u>2,409,128</u> |
| At 31 October 2017 | <u>10,192,919</u> | <u>377,307</u> | <u>2,206,064</u> |

| | Fixtures and fittings £ | Motor vehicles £ | Computer equipment £ | Totals £ |
|------------------------|----------------------------------|------------------------|----------------------------|-------------------|
| COST | | | | |
| At 1 November 2017 | 197,593 | 273,600 | 84,027 | 15,569,511 |
| Additions | 9,320 | 23,270 | 41,236 | 1,587,984 |
| Disposals | - | (17,950) | - | (71,700) |
| At 31 October 2018 | <u>206,913</u> | <u>278,920</u> | <u>125,263</u> | <u>17,085,795</u> |
| DEPRECIATION | | | | |
| At 1 November 2017 | 169,201 | 224,753 | 76,493 | 2,708,448 |
| Charge for year | 23,917 | 34,674 | 20,149 | 650,772 |
| Eliminated on disposal | - | (48,209) | - | (61,665) |
| At 31 October 2018 | <u>193,118</u> | <u>211,218</u> | <u>96,642</u> | <u>3,297,555</u> |
| NET BOOK VALUE | | | | |
| At 31 October 2018 | <u>13,795</u> | <u>67,702</u> | <u>28,621</u> | <u>13,788,240</u> |
| At 31 October 2017 | <u>28,392</u> | <u>48,847</u> | <u>7,534</u> | <u>12,861,063</u> |

Abbey Forged Products Limited (Registered number: 01644542)**Notes to the Financial Statements - continued
for the Year Ended 31 October 2018**12. **FIXED ASSET INVESTMENTS**

| | Shares in group undertakings £ |
|---|---|
| COST | |
| At 1 November 2017 and 31 October 2018 | <u>178,547</u> |
| NET BOOK VALUE | |
| At 31 October 2018 | <u>178,547</u> |
| At 31 October 2017 | <u>178,547</u> |

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Forge UK Limited

Registered office: Beeley Wood Works, Beeley Wood Lane, Sheffield, South Yorkshire, S6 1ND
Nature of business: Sub-contract Steel Forging

| | % | | |
|--------------------------------|---------|-------------|------------|
| Class of shares: | holding | | |
| Ordinary | 100.00 | | |
| | | 2018 | 2017 |
| | | £ | £ |
| Aggregate capital and reserves | | <u>100</u> | <u>100</u> |

Royal Villa Number 22 Limited

Registered office: Offices of Tricor Services (BVI) Limited, PO Box 3340, 2F Palm Grove House, Road Town, Tortola.
Nature of business: Property Holding Company

| | % | | |
|--------------------------------|---------|------------------|------------------|
| Class of shares: | holding | | |
| Ordinary | 100.00 | | |
| | | 31/12/18 | 31/12/17 |
| | | £ | £ |
| Aggregate capital and reserves | | <u>(366,151)</u> | (366,151) |
| Loss for the year | | <u>-</u> | <u>(430,833)</u> |

Abbey Engineered Products Limited

Registered office: Beeley Wood Works, Beeley Wood Lane, Sheffield, South Yorkshire, S6 1ND
Nature of business: Steel sales

| | % | | |
|--------------------------------|---------|----------------|----------------|
| Class of shares: | holding | | |
| Ordinary | 80.00 | | |
| | | 2018 | 2017 |
| | | £ | £ |
| Aggregate capital and reserves | | <u>741,815</u> | 399,971 |
| Profit for the year | | <u>541,844</u> | <u>445,346</u> |

Abbey Forged Products Limited (Registered number: 01644542)**Notes to the Financial Statements - continued
for the Year Ended 31 October 2018**

| | | |
|--|---|--------------------------|
| 13. INVESTMENT PROPERTY | | Total £ |
| | FAIR VALUE | |
| | At 1 November 2017 and 31 October 2018 | <u>219,631</u> |
| | NET BOOK VALUE | |
| | At 31 October 2018 | <u>219,631</u> |
| | At 31 October 2017 | <u>219,631</u> |
| | On 17 January 2013, the company acquired freehold investment property in Spain. Whilst no formal valuation was undertaken to value the property as at 31 October 2018, it is the directors' opinion that the value of the property is not materially different to the amount that the property cost the company on 17 January 2013. | |
| 14. STOCKS | | |
| | | 2018 £ |
| | | 2017 £ |
| | Work-in-progress | 367,975 |
| | Finished goods | 275,405 |
| | | <u>173,158</u> |
| | | <u>232,791</u> |
| | | <u>541,133</u> |
| | | <u>508,196</u> |
| 15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | | |
| | | 2018 £ |
| | | 2017 £ |
| | Trade debtors | 5,928,712 |
| | Amounts owed by group undertakings | 4,416,495 |
| | Other debtors | 6,028,818 |
| | Directors' current accounts | 5,502,992 |
| | Prepayments and accrued income | 874,737 |
| | Prepayments | 426,352 |
| | | 3,293,945 |
| | | 4,177,475 |
| | | 575,325 |
| | | 1,168,590 |
| | | 58,415 |
| | | 225,648 |
| | | <u>16,759,952</u> |
| | | <u>15,917,552</u> |
| 16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | | |
| | | 2018 £ |
| | | 2017 £ |
| | Trade creditors | 4,256,553 |
| | Amounts owed to group undertakings | 3,081,283 |
| | Tax | 19,356,102 |
| | Social security and other taxes | 141,007 |
| | VAT | 189,429 |
| | Other creditors | 281,734 |
| | Accruals and deferred income | 323,301 |
| | Accrued expenses | 647,453 |
| | | 9,919 |
| | | 47,037 |
| | | - |
| | | 153,714 |
| | | 175,993 |
| | | <u>25,073,029</u> |
| | | <u>23,971,303</u> |

All payment terms are agreed with each supplier and the current creditor days are 80 days (2017: 66 days)

Abbey Forged Products Limited (Registered number: 01644542)**Notes to the Financial Statements - continued
for the Year Ended 31 October 2018**

| | | | |
|---|----------|-----------------------|---------------------------|
| 17. PROVISIONS FOR LIABILITIES | | 2018 | 2017 |
| | | £ | £ |
| Deferred tax | | <u>291,108</u> | <u>162,066</u> |
| | | | Deferred tax |
| | | | £ |
| Balance at 1 November 2017 | | | 162,066 |
| Accelerated capital allowances | | | <u>129,042</u> |
| Balance at 31 October 2018 | | | <u>291,108</u> |
| 18. CALLED UP SHARE CAPITAL | | | |
| Allotted, issued and fully paid: | | | |
| Number: | Class: | Nominal value: | 2018 |
| | | | £ |
| 100 | Ordinary | £1 | <u>100</u> |
| | | | 2017 |
| | | | £ |
| | | | <u>100</u> |
| 19. RESERVES | | | Retained earnings |
| | | | £ |
| At 1 November 2017 | | | 19,827,375 |
| Profit for the year | | | 19,826 |
| Dividends | | | <u>(3,110,000)</u> |
| At 31 October 2018 | | | <u>16,737,201</u> |
| 20. CAPITAL COMMITMENTS | | 2018 | 2017 |
| | | £ | £ |
| Contracted but not provided for in the financial statements | | <u>-</u> | <u>17,586</u> |
| 21. TRANSACTIONS WITH DIRECTORS | | | |
| The disclosures of the information is given in a summarised form. | | | |

Abbey Forged Products Limited (Registered number: 01644542)**Notes to the Financial Statements - continued**
for the Year Ended 31 October 2018**22. RELATED PARTY DISCLOSURES****Related Party Exemption**

The company has taken advantage of the exemption granted under FRS102 Section 33 from the requirement to disclose transactions with other members of The Abbey Group as the company is wholly owned within the group and the consolidated financial statements of the group are publicly available.

Other Related Party Transactions

Included in debtors is an amount due from Mrs J M & Mr RS Neal and Mr JS Neal, who are both directors of the company and are the ultimate controlling parties. The loan is as follows:

| | Balance brought forward as at 01/11/2017 £ | Undrawn Net Salary, Dividends and Capital Introduced £ | Drawings £ | Balance carried forward as at 31/10/2018 £ |
|-------------------------|--|--|-------------|--|
| Mrs J M and Mr R S Neal | (4,106,433) | 4,110,000 | (2,888,002) | (2,884,435) |
| Mr J S Neal | (71,042) | 0 | (338,467) | (409,509) |

The loans have no fixed dates for repayment and no credit or debit interest is applied to balances.

23. POST BALANCE SHEET EVENTS

There are no events since the end of the year which require disclosure to the financial statements.

24. ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of The Abbey Group UK Limited, a company incorporated in England. The company is under the ultimate control of Mrs J M Neal and Mr R S Neal who between them own 100% of the share capital of The Abbey Group UK Limited. The group accounts of The Abbey Group UK Limited are available from the Registrar Of Companies.

25. POWER TO AMEND FINANCIAL STATEMENTS

The directors have the power to amend the financial statements after they have been issued.

