Attewell Limited

Annual report and financial statements

Registered number 743760

For the year ended 31 March 2019

Contents

Strategic report

The company's principal activities are the manufacture of shims and laminates for the aircraft and commercial industries and the manufacture and distribution of seals and gaskets and direct line feed distribution. The UK represents the principal market for sales. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

The Company is a wholly owned subsidiary of Shimtech Industries Limited of 7 A/B Millington Road, Hayes, Middlesex UB3 4AZ. The Company's ultimate parent is Shimtech Industries Group Limited.

As shown in the company's profit and loss account on page 7, the company's turnover has increased by 19% compared to the prior year and profit after taxation stands at £10,051,000 *(2018: £5,790,000)*.

The balance sheet on page 8 of the financial statements shows that the company's financial position at the year end in net assets terms has improved.

In addition to financial measures, the main key performance indicators (KPIs) regularly monitored by the company are as follows:

	2019 £000	2018 £000	
Net order intake	**35,374**	38,074	Total orders taken less cancellations.
Working capital	**10%**	17%	The average for the period of operational working capital expressed as a percentage of annualised sales

The net working capital percentage has decreased across the business due to the tight management of working capital despite the strong growth in the business. This is in line with directors' expectations.

Principal risks and uncertainties

The company's operations expose it to a variety of financial risks including the effects of credit risk. The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board. The board receives regular reports on amounts due and amounts significantly overdue and the relevant action taken.

The overarching group policies in relation to external risks, including interest rate risk, foreign exchange risk and liquidity risk, all of which are managed centrally, are set out in the consolidated financial statements of Shimtech Industries Group Limited. Note 23 sets out where the financial statements of Shimtech Industries Group Limited may be obtained.

Increasing energy and metals costs continue to threaten margins. The company manages this risk by using the group procurement function to establish strong relationships with suppliers, to enable negotiation and controlled management of potential future price increases and secure reliable supply. In addition production methods are constantly being reviewed to ensure the most efficient operations are in place.

Supplier payment policy

The company agrees payment terms with its suppliers when it enters into binding purchase contracts. The company seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The company does not have a standard credit period, and does not apply a general recognised code with regard to payment of suppliers, but the average during the financial year was 47 days *(2018: 51 days)*.

Strategic report *(continued)*

Environment

Initiatives designed to minimise the company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

By order of the board

Alastair Fanning
Director

13 September 2019

Directors' report

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

Employees

Details of the number of employees and related costs can be found in note 7 to the financial statements on page 16.

Full and fair consideration is given to applicants for employment from disabled persons and to continuing the employment of those who become disabled while employed. The policy is to give equal opportunity for training, career development and promotion.

The Company continues to pursue a policy of meeting with representatives of various groups of employees at which relevant information and developments are discussed.

Dividends

The directors do not recommend the payment of a dividend *(2018: £Nil)*.

Directors

The directors that served during the year and up to the date of signing this report were:

Matt Giggle	
Howard Kimberley	(resigned 31 December 2018)
Alastair Fanning	
Christopher Smith	(appointed 14 February 2019)
Heath Batwell	(appointed 14 February 2019)

Disclosure of information to auditor

As at the date of this report, as far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that ought to have been taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board

Alastair Fanning
Director

7 A/B Millington Road
Hayes
Middlesex
UB3 4AZ

13 September 2019

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditor's report to the members of Attewell Limited

Opinion

We have audited the financial statements of Attewell Limited ("the company") for the year ended 31 March 2019 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 1.

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 UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates and related disclosures made by the directors and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent auditor's report to the members of Attewell Limited *(continued)*

Strategic report and Directors' report

The directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at ww.frc.org.uk/auditors responsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Andrew Cawthray

Andrew Cawthray (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

13 September 2019

KPMG LLP
One Snowhill
Snow Hill Queensway
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B4 6GH

Profit and loss account
for the year ended 31 March 2019

	Note	2019 £000	2018 £000
Turnover	2	**40,716**	34,192
Cost of sales		**(25,077)**	(21,603)
Gross profit		**15,639**	12,589
Distribution costs		**(799)**	(1,034)
Administrative expenses		**(4,252)**	(6,223)
Operating profit		**10,588**	5,332
Interest receivable	4	**63**	24
Interest payable	5	**(16)**	(2)
Profit before taxation	3	**10,635**	5,354
Taxation	8	**(584)**	436
Profit for the financial year		**10,051**	5,790

The turnover and profit above relate to continuing activities. There is no difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis in either the current or preceding financial year.

The Company has no recognised gains or losses in either the current or preceding financial year other than the profit or loss for those years.

The notes on pages 10 to 21 form an integral part of these financial statements.

Balance sheet
at 31 March 2019

	Note	2019 £000	£000	2018 £000	£000
Fixed assets					
Intangible assets	9		380		356
Tangible assets	10		2,367		2,185
Investments	11		638		638
			3,385		3,179
Current assets					
Stocks	12	3,609		3,135	
Debtors (including £43,000 due after more than one year *(2018: £81,000)*	13	37,176		27,710	
Cash at bank and in hand		5,845		5,286	
		46,630		36,131	
Creditors: Amounts falling due within one year	15	(9,430)		(8,487)	
Net current assets			37,200		27,644
Total assets less current liabilities			40,585		30,823
Creditors: Amounts falling due after more than one year	16		(631)		(631)
Provisions	17		(681)		(970)
Net assets			39,273		29,222
Capital and reserves					
Called up share capital	18		350		350
Profit and loss account			38,923		28,872
Equity shareholders' funds			39,273		29,222

The notes on pages 10 to 21 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 13 September 2019 and were signed on its behalf by:

Alastair Fanning
Director

Registered number: 743760

Statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2017	350	23,082	23,432
Total comprehensive income for the year			
Profit or loss	-	5,790	5,790
Total comprehensive income for the year	-	5,790	5,790
Balance at 31 March 2018	350	28,872	29,222
Balance at 1 April 2018	350	28,872	29,222
Total comprehensive income for the year			
Profit or loss	-	10,051	10,051
Total comprehensive income for the year	-	10,051	10,051
Balance at 31 March 2019	**350**	**38,923**	**39,273**

The notes on pages 11 to 21 form an integral part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Attewell Limited (the "company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 743760 and the registered address is 7 A/B Millington Road, Hayes, Middlesex UB3 4AZ.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company's ultimate parent undertaking, Shimtech Industries Group Limited includes the company in its consolidated financial statements. The consolidated financial statements of Shimtech Industries Group Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 7 A/B Millington Road, Hayes, Middlesex, UB3 4AZ.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital; intangible fixed assets and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- The effects of new but not yet effective IFRSs;

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic report on page 1.

The company participates in the Group's centralised treasury and banking arrangements, along with its parent and certain fellow subsidiaries. However, the directors have no reason to believe that a material uncertainty exists for the Company since the directors of the Company's parent, Shimtech Industries Group Limited, have already signed the Annual report and accounts for the same period on a going concern basis. The directors of the Company, therefore, have evidence of the Group's ability to continue in operational existence for the foreseeable future with its current banking arrangements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Foreign currency

Transactions in foreign currencies are translated to the company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Classification of financial instruments issued by the company

Following the adoption of IAS 32, financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- plant and equipment 3-5 years
- motor vehicles up to 4 years
- specialist plant and IT equipment up to 10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.7 Intangible assets, goodwill and negative goodwill

Goodwill
Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- software 7 years

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is reversed if and only if the reasons for the impairment have ceased to apply.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.10 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Notes *(continued)*

1 Accounting policies *(continued)*

1.11 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.12 Turnover

Turnover is based on the amount receivable for goods despatched and services provided during the period, within the Company's ordinary activities, excluding value added tax.

1.13 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.14 Investments

Fixed asset investments are held at cost less provision for impairment.

1.15 Taxation

Tax on the profit for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes *(continued)*

2 Turnover

Turnover is based on the amount receivable for goods despatched and services provided during the period, within the Company's ordinary activities, excluding value added tax.

An analysis of turnover by geographical destination, all of which relates to continuing operations, is given below:

	2019 £000	2018 £000
United Kingdom	**15,501**	12,765
Continental Europe	**12,089**	12,679
North America	**9,532**	4,765
Rest of the world	**3,594**	3,983
	40,716	34,192

3 Notes to profit and loss account

	2019 £000	2018 £000
Profit before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets:		
Owned	**474**	410
Amortisation of intangible fixed assets	**77**	63
Foreign exchange (gain)/loss	**(1,034)**	83
Operating lease rentals:		
Land and buildings	**541**	398
Auditor's remuneration:		
Audit of these financial statements	**24**	24

4 Interest receivable

	2019 £000	2018 £000
Bank interest	**63**	24

5 Interest payable

	2019 £000	2018 £000
Bank interest	**16**	2

Notes *(continued)*

6 Remuneration of directors

	2019 £000	2018 £000
Aggregate emoluments (excluding pension)	282	178
Company pension contributions to money purchase schemes	20	12

Retirement benefits are accruing to two directors *(2018: three)* under money purchase schemes.

Howard Kimberley, Heath Batwell and Alastair Fanning were employed by and receive their emoluments from the immediate parent company, Shimtech Industries Limited, for their services to the Shimtech Industries Group Limited as a whole. Accordingly, their emoluments are disclosed in the accounts of Shimtech Industries Group Limited – see note 23.

Emoluments payable to the highest paid director are as follows:

	2019 £000	2018 £000
Aggregate emoluments (excluding pension)	161	178
Company pension contributions to money purchase schemes	12	12

7 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2019	2018
Production	64	62
Other	43	38
	107	100

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	4,210	3,899
Social security costs	442	396
Pension costs	150	141
	4,802	4,436

Notes *(continued)*

8 Taxation

Recognised in profit and loss account

	2019 £000	£000	2018 £000	£000
UK corporation tax				
Current tax on income for the year	546		-	
Adjustments in respect of prior years	-		(433)	
		546		(433)
Deferred taxation				
Reversal of timing differences	69		3	
Adjustment in respect of prior years	(31)		(6)	
		38		(3)
Tax (credit)/expense on profit		584		(436)

Reconciliation of effective tax rate

	2019 £000	2018 £000
Profit for the year	10,051	5,790
Total tax (credit)/expense	584	(436)
Profit excluding taxation	10,635	5,354
Tax using UK corporation tax rate of 19% *(2018: 19%).*	2,021	1,017
Effects of:		
Expenses deductible for tax purposes	15	2
Depreciation on ineligibles less IBAs	26	6
Adjustment in respect of prior periods	(31)	(439)
Group relief claimed	(1,439)	(1,022)
Effect of UK tax rate change	(8)	-
Total tax expense/ (credit) (see above)	584	(436)

Factors that may affect future current and total tax charges

A reduction in the UK corporation taxrate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Notes *(continued)*

9 Intangible fixed assets

	Software £000	Goodwill £000	Total £000
Cost			
At beginning and end of year	425	572	997
Additions	101	-	101
At end of year	526	572	1,098
Amortisation			
At beginning of year	293	348	641
Charge for year	77	-	77
At end of year	370	348	718
Net book value			
At 31 March 2019	**156**	**224**	**380**
At 31 March 2018	132	224	356

10 Tangible fixed assets

	Short term leasehold property improvements £000	Plant, equipment and vehicles £000	Capital work in progress £000	Total £000
Cost or valuation				
At beginning of year	600	5,221	70	5,891
Additions	83	249	349	681
Transfers	250	107	(357)	-
Disposals	-	(10)	(25)	(35)
At end of year	933	5,567	37	6,537
Depreciation				
At beginning of year	348	3,358	-	3,706
Charge for year	98	376	-	474
Disposals	-	(10)	-	(10)
At end of year	446	3,724		4,170
Net book value				
At 31 March 2019	**487**	**1,843**	**37**	**2,367**
At 31 March 2018	252	1,863	70	2,185

The net book value of tangible fixed assets includes an amount in respect of assets held under finance leases and hire purchase contracts £Nil *(2018: £Nil)*.

Notes *(continued)*

11 Investments

	Shares in group undertakings £000
At beginning and end of year	638

	Country of incorporation	Principal Activity	Class and percentage of shares held
PSG CR s.r.o.	Czech Republic	Distribution of seals and gaskets	100% ordinary
Pillar Seals and Gaskets Limited	United Kingdom	Non-trading	100% ordinary

PSG CR s.r.o registered address is Sebastiniho 509, 79607 Drzovice, Czech Republic.

Pillar Seals and Gaskets Limited registered address is 7 A/B Millington Road, Hayes, Middlesex UB3 4AZ.

12 Stocks

	2019 £000	2018 £000
Raw materials and consumables	867	841
Work in progress	241	312
Finished goods and goods for resale	2,501	1,982
	3,609	3,135

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £19,011,000 *(2018: £16,593,000)*. The write-down of stocks to net realisable value amounted to £2,000 *(2018: £59,000)*.

13 Debtors

	2019 £000	2018 £000
Trade debtors	5,787	5,559
Amounts owed by group undertakings	30,795	21,760
Other tax and social security receivable	221	126
Prepayments and accrued income	332	184
	37,133	27,629
Due after more than one year:		
Deferred taxation (see note 14)	43	81
	37,176	27,710

Notes *(continued)*

14 Deferred tax asset

	£000
Movement in deferred taxation:	
Asset at beginning of year	81
Debit to the profit and loss	(38)
Deferred tax asset at end of year	**43**

The deferred tax provided at 17% *(2018: 17%)* represents the full potential asset and is analysed as follows:

	2019 £000	2018 £000
Accelerated capital allowances	**(100)**	(56)
Short term timing differences	**143**	137
Deferred tax asset	**43**	81

15 Creditors: Amounts falling due within than one year

	2019 £000	2018 £000
Trade creditors	**4,270**	4,185
Amounts owed to group undertakings	**1,844**	1,776
Corporation tax	**546**	-
Other tax and social security payable	**113**	86
Accruals and deferred income	**2,657**	2,440
	9,430	8,487

16 Creditors: Amounts falling due after more than one year

	2019 £000	2018 £000
Amounts owed to fellow group undertakings	**631**	631

17 Provisions

	Other £000	**Property £000**	**Warranty £000**	**Total £000**
At beginning of year	390	347	233	970
Utilised in the year	(105)	-	(233)	(338)
Charge	-	49	-	49
At end of year	**285**	**396**	**-**	**681**

The property provision relates to anticipated dilapidation costs. Other provisions relate to a combination of customer and vendor price claims.

Notes *(continued)*

18 Called up share capital

	2019 £000	2018 £000
Authorised, allotted, called up and fully paid:		
350,000 ordinary shares of £1 each – equity	**350**	350

19 Lease commitments

Non-cancellable operating leases are as follows:

	Land and buildings 2019 £000	2018 £000
Within one year	**612**	371
Within two to five years	**2,309**	905
Over five years	**2,196**	-
	5,117	1,276

20 Pension commitments

All Company employees, entitled to receive pension contributions, are members of the company Personal Pension Plan, to which the Company makes a contribution. The cost incurred by the Company during the year is shown in note 7.

21 Contingent liabilities

There is a cross-guarantee in respect of the secured bank loans and revolving credit facility for all members of Shimtech Industries Group which is secured by a fixed and floating charge over all assets of these companies.

22 Related parties

As the company is a wholly-owned subsidiary of Shimtech Industries Group Limited, the company has taken advantage of the exemption contained in FRS 101.8 and has, therefore, not disclosed transactions or balances with entities which form part of the group.

23 Ultimate parent company

The immediate parent company of Attewell Limited is Shimtech Industries Limited, and the ultimate parent company is Shimtech Industries Group Limited. Copies of immediate and ultimate parent's consolidated financial statements may be obtained from 7 A/B Millington Road, Hayes, Middlesex, UB3 4AZ.

The ultimate controlling party is Inflexion Private Equity Partners LLP.

Pillar Seals & Gaskets Limited trades in an agency capacity for and on behalf of Attewell Limited under the name of Pillar Seals & Gaskets.