

Company registration number: 05724363

Halfway Engineering Limited

Financial statements

30 April 2018

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Halfway Engineering Limited

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Halfway Engineering Limited

Directors and other information

Director	P Lowe Esq
Secretary	P Johnson Esq
Company number	05724363
Registered office	35 Sherwood Street Warsop Mansfield Notts NG20 0JR
Auditor	RL & Associates Limited Unit 9 Acorn Business Park Woodseats Close Sheffield S8 0TB

Halfway Engineering Limited

Strategic report Year ended 30 April 2018

The Group comprises of Hadee (Holdings) Ltd, which is the asset holder and provider of financial and investment support. Hadee Engineering Co. Ltd is an engineering fabrications company which specialises in heavy fabrications for which they are well equipped and are recognised within the industry as having many satisfied prestigious customers. Hadee Engineering Co Ltd delivers fabrication, welding and precision machine services, from complete design, manufacture, installation and commissioning service to industry and has a reputation for providing reliable engineering products and components to the highest specifications. Hadee Engineering Co. Ltd also manufactures a wide range of spare parts and components for most industries including Steel, Cement, Coal, Chemical, Rail, Foundries, Quarrying, Power Generation, Renewable Energy and Waterways.

The general UK economy continues to grow, however growth remains sluggish. The risk that some trade debtors could cancel orders or fail to pay their debts remains. Given the particular nature of the company's specialisation, customer base and having facilities that allow it to deal with projects of a larger scale than many of its local competitors has enabled the company to increase on the previous period's turnover.

The company continues to negotiate contracts with its customers and the continuing investment in new machinery by the group, allows the company to maintain its competitive engineering capabilities and the opportunity to be involved with and tender for high specification and quality projects.

Key performance indicators of turnover, administrative costs and net profitability showed a increase in the turnover of £1,186,023, however the year had produced a net profit reduction of £116,673. The administrative expenses have increased by £387,814 in part due to the debtor write off in the period.

The group has noted that overseas contracts remain strong, but these sales are increasingly being transacted by UK representative firms or subsidiaries leading to a reduction in overseas invoicing.

This report was approved by the board of directors on 21 January 2019 and signed on behalf of the board by:



P Johnson Esq
Secretary

Halfway Engineering Limited

Director's report Year ended 30 April 2018

The director presents his report and the financial statements of the company and the group for the year ended 30 April 2018.

Director

The director who served the company during the year was as follows:

P Lowe Esq

Dividends

Particulars of recommended dividends are detailed in note 15 to the financial statements.

Future developments

The group continues to develop its machinery to advance its engineering capabilities and enabling the group companies to tender for both large scale and precision engineering projects.

Financial instruments

The company's principal financial instruments comprise of bank balances, trade creditors, other creditors, trade debtors and other debtors. The main purpose of these instruments is to finance the company's operations.

Research and development

The group's main area of research and development continues to be in the design and specification of bespoke engineered solutions and the development of the machinery to enable these to be manufactured.

Disclosure of information in the strategic report.

The company has chosen, in accordance with section 414C(11) of the Companies Act 2006, and as noted in this Directors' Report, to include certain matters in its Strategic report that would otherwise be required to be disclose in this Directors' report. The Strategic report can be found on page 2 of the Financial Statements.

Director's responsibilities statement

The director is responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements he is satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the director is required to:

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

The director is 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 him 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.

Halfway Engineering Limited

Director's report (continued)
Year ended 30 April 2018

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 21 January 2019 and signed on behalf of the board by:



P Johnson Esq
Secretary

Halfway Engineering Limited

Independent auditor's report to the members of Halfway Engineering Limited Year ended 30 April 2018

Opinion

We have audited the financial statements of Halfway Engineering Limited for the year ended 30 April 2018 which comprise the Consolidated statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 auditors 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The director is responsible for the other information. 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.

Halfway Engineering Limited

Independent auditor's report to the members of Halfway Engineering Limited (continued) Year ended 30 April 2018

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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report has 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 director's report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and the returns; or
- certain disclosures of director's 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 director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. we also:

Halfway Engineering Limited

**Independent auditor's report to the members of
Halfway Engineering Limited (continued)
Year ended 30 April 2018**

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Sam Sequerra, BA(Hons), ACA (Senior Statutory Auditor)

For and on behalf of
RL & Associates Limited
Chartered Accountants and Statutory Auditors
Unit 9
Acorn Business Park
Woodseats Close
Sheffield
S8 0TB

21 January 2019

Halfway Engineering Limited

Consolidated statement of comprehensive income Year ended 30 April 2018

	Note	2018 £	2017 £
Turnover	4	6,287,115	5,101,092
Cost of sales		(3,547,504)	(2,646,738)
Gross profit		<u>2,739,611</u>	<u>2,454,354</u>
Administrative expenses		(1,918,730)	(1,530,916)
Other operating income	5	8,012	50,650
Operating profit	6	<u>828,893</u>	<u>974,088</u>
Income from other fixed asset investments	10	130,834	69,850
Other interest receivable and similar income	11	6,519	15,580
Amounts written off investments	12	(27,234)	(3,833)
Profit before taxation		<u>939,012</u>	<u>1,055,685</u>
Tax on profit	13	(539,036)	(167,584)
Profit after taxation		<u>399,976</u>	<u>888,101</u>
Minority Interest		<u>186,392</u>	<u>13,790</u>
Profit for the financial year and total comprehensive income		<u><u>586,368</u></u>	<u><u>901,891</u></u>

All the activities of the company are from continuing operations.

The notes on pages 17 to 28 form part of these financial statements.

Halfway Engineering Limited

Company statement of comprehensive income Year ended 30 April 2018

	Year ended	Year ended
	2018 £	2017 £
Profit for the financial year	-	3,450,000
Total comprehensive income for the year	<u>-</u>	<u>3,450,000</u>

Halfway Engineering Limited

Statement of financial position 30 April 2018

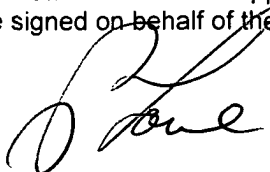
	Note	2018 £	£	2017 £	£
Fixed assets					
Intangible assets	16	18,200		20,800	
Tangible assets	17	1,289,133		1,292,386	
			1,307,333		1,313,186
Current assets					
Stocks	19	661,376		799,035	
Debtors	20	1,898,714		1,485,231	
Investments	21	1,841,325		1,810,960	
Cash at bank and in hand		2,910,426		2,457,754	
		7,311,841		6,552,980	
Creditors: amounts falling due within one year	22	(1,994,230)		(1,494,613)	
Net current assets			5,317,611		5,058,367
Total assets less current liabilities			6,624,944		6,371,553
Provisions for liabilities	23		(74,293)		(70,877)
Net assets			6,550,651		6,300,676
Capital and reserves					
Called up share capital	26	15,000		15,000	
Share premium account	27	2,233,859		2,233,859	
Consolidation reserve	27	133,745		133,745	
Minority Interest	27	10,648		197,040	
Profit and loss account	27	4,157,399		3,721,032	
Shareholders funds			6,550,651		6,300,676

The notes on pages 17 to 28 form part of these financial statements.

Halfway Engineering Limited

Statement of financial position (continued)
30 April 2018

These financial statements were approved by the board of directors and authorised for issue on 21 January 2019, and are signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'P Lowe', written over the text 'signed on behalf of the board by:'.

P Lowe Esq
Director

Company registration number: 05724363

The notes on pages 17 to 28 form part of these financial statements.

Halfway Engineering Limited

Company statement of financial position 30 April 2018

	Note	2018 £	£	2017 £	£
Fixed assets					
Investments	17	2,248,859		2,248,859	
			2,248,859		2,248,859
Current assets					
Debtors	20	2,669,209		2,850,000	
		2,669,209		2,850,000	
Creditors: amounts falling due within one year	22	169,209		200,000	
		(169,209)		(200,000)	
Net current assets			2,500,000		2,650,000
Total assets less current liabilities			4,748,859		4,898,859
Net assets			4,748,859		4,898,859
Capital and reserves					
Called up share capital	26		15,000		15,000
Share premium account	27		2,233,859		2,233,859
Profit and loss account	27		2,500,000		2,650,000
			4,748,859		4,898,859
Shareholders funds			4,748,859		4,898,859

These financial statements were approved by the board of directors and authorised for issue on 21 January 2019, and are signed on behalf of the board by:



P Lowe Esq
Director

Company registration number: 05724363

The notes on pages 17 to 28 form part of these financial statements.

Halfway Engineering Limited

Statement of changes in equity Year ended 30 April 2018

	Called up share capital	Share premium account	Consolidatio n reserve	Minority Interest	Profit and loss account	Total
	£	£	£	£	£	£
At 1 May 2016	15,000	2,233,859	133,745	244,608	4,085,363	6,712,575
Profit for the year					901,891	901,891
Other comprehensive income for the year	-	-	-	(13,790)	-	(13,790)
Transfer between reserves	-	-	-	(33,778)	33,778	-
Total comprehensive income for the year	-	-	-	(47,568)	935,669	888,101
Dividends paid and payable					(1,300,000)	(1,300,000)
Total investments by and distributions to owners	-	-	-	-	(1,300,000)	(1,300,000)
At 30 April 2017 and 1 May 2017	15,000	2,233,859	133,745	197,040	3,721,031	6,300,675
Profit for the year					586,368	586,368
Other comprehensive income for the year	-	-	-	(186,392)	-	(186,392)
Total comprehensive income for the year	-	-	-	(186,392)	586,368	399,976
Dividends paid and payable					(150,000)	(150,000)
Total investments by and distributions to owners	-	-	-	-	(150,000)	(150,000)
At 30 April 2018	15,000	2,233,859	133,745	10,648	4,157,399	6,550,651

Halfway Engineering Limited

Company statement of changes in equity Year ended 30 April 2018

	Called up share capital	Share premium account	Consolid- ation reserve	Minority Interest	Profit and loss account	Total
	£	£	£	£	£	£
At 1 May 2016	15,000	2,233,859	-	-	500,000	2,748,859
Profit for the year					3,450,000	3,450,000
Total comprehensive income for the year	-	-	-	-	3,450,000	3,450,000
Dividends paid and payable					(1,300,000)	(1,300,000)
Total investments by and distributions to owners	-	-	-	-	(1,300,000)	(1,300,000)
At 30 April 2017 and 1 May 2017	15,000	2,233,859	-	-	2,650,000	4,898,859
Profit for the year					-	-
Total comprehensive income for the year	-	-	-	-	-	-
Dividends paid and payable					(150,000)	(150,000)
Total investments by and distributions to owners	-	-	-	-	(150,000)	(150,000)
At 30 April 2018	15,000	2,233,859	-	-	2,500,000	4,748,859

Halfway Engineering Limited

Statement of cash flows Year ended 30 April 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	586,368	901,891
<i>Adjustments for:</i>		
Depreciation of tangible assets	139,948	130,237
Amortisation of intangible assets	2,600	2,600
Amounts written off investments	27,234	3,833
Income from other fixed asset investments	(130,834)	(69,850)
Other interest receivable and similar income	(6,519)	(15,580)
Gain/(loss) on disposal of tangible assets	479	-
Tax on profit	539,036	167,584
Accrued expenses/(income)	398,589	543
<i>Changes in:</i>		
Stocks	137,659	(532,076)
Trade and other debtors	(413,483)	750,153
Trade and other creditors	230,926	158,675
Minority interest share of profit	(186,392)	(13,788)
Cash generated from operations	1,325,611	1,484,222
Interest received	6,519	15,580
Tax paid	(587,800)	545,142
Net cash from operating activities	<u>744,330</u>	<u>2,044,944</u>
Cash flows from investing activities		
Purchase of tangible assets	(149,982)	(82,151)
Proceeds from sale of tangible assets	12,809	-
Purchase of other investments	(142,154)	(719,699)
Proceeds from sale of other investments	103,837	173,586
Dividends received	111,554	40,249
Net cash used in investing activities	<u>(63,936)</u>	<u>(588,015)</u>
Cash flows from financing activities		
Proceeds from borrowings	53,072	(40,690)
Proceeds from loans from group undertakings	(130,791)	200,000
Equity dividends paid	(150,000)	(1,300,000)
Net cash used in financing activities	<u>(227,719)</u>	<u>(1,140,690)</u>
Net increase/(decrease) in cash and cash equivalents	452,675	316,239
Cash and cash equivalents at beginning of year	2,457,754	2,141,515
Cash and cash equivalents at end of year	<u>2,910,429</u>	<u>2,457,754</u>

Halfway Engineering Limited

Company statement of cash flows Year Ended 30 April 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	-	3,450,000
Amounts written off investments	-	-
Tax on profit on ordinary activities	-	-
<i>Changes in:</i>		
Trade and other debtors	180,791	(2,350,000)
Trade and other creditors	(30,791)	200,000
Cash generated from operations	150,000	1,300,000
Tax paid	-	-
Net cash from operating activities	150,000	1,300,000
Purchase of other investments	-	-
Dividends received	-	-
Cash flows from financing activities		
Equity dividends paid	(150,000)	(1,300,000)
Net cash used in financing activities	(150,000)	(1,300,000)
Net increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	-	-

Halfway Engineering Limited

Notes to the financial statements Year ended 30 April 2018

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 35 Sherwood Street, Warsop, Mansfield, Notts, NG20 0JR.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer, usually on despatch of the goods; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to profit or loss.

Notes to the financial statements (continued)
Year ended 30 April 2018

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at a revalued amount, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- There is the intention to complete the intangible asset and use or sell it;
- There is the ability to use or sell the intangible asset;
- The use or sale of the intangible asset will generate probable future economic benefits;
- There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Expenditure that does not meet the above criteria is expensed as incurred.

Halfway Engineering Limited

Notes to the financial statements (continued) Year ended 30 April 2018

Tangible assets

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Long leasehold property	-	Straight line over the life of the lease
Plant and machinery	-	15% reducing balance
Fittings fixtures and equipment	-	15% reducing balance
Motor vehicles	-	25% reducing balance

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition.

Halfway Engineering Limited

Notes to the financial statements (continued) Year ended 30 April 2018

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2018	2017
	£	£
Sale of goods	6,277,009	5,091,919
Solar electricity generation	10,106	9,174
	<u>6,287,115</u>	<u>5,101,093</u>

5. Other operating income

	2018	2017
	£	£
Other operating income	<u>8,012</u>	<u>50,650</u>

Halfway Engineering Limited

Notes to the financial statements (continued) Year ended 30 April 2018

6. Operating profit

Operating profit is stated after charging/(crediting):

	2018	2017
	£	£
Amortisation of intangible assets	2,600	2,600
Depreciation of tangible assets	139,948	130,237
(Gain)/loss on disposal of tangible assets	479	-
Cost of stocks recognised as an expense	2,485,825	1,839,876
Impairment of trade debtors	365,872	112,623
Operating lease rentals	17,781	47,933
Foreign exchange differences	29,230	(64,326)
Fees payable for the audit of the financial statements	9,130	8,800
	<u> </u>	<u> </u>

7. Auditors remuneration

	2018	2017
	£	£
Fees payable for the audit of the financial statements	9,130	8,800
	<u> </u>	<u> </u>

8. Staff costs

The average number of persons employed by the company during the year, including the director, amounted to:

	2018	2017
Office management	20	20
Production and sales	39	37
	<u> </u>	<u> </u>
	59	57
	<u> </u>	<u> </u>

The aggregate payroll costs incurred during the year were:

	2018	2017
	£	£
Wages and salaries	1,646,007	1,329,777
Social security costs	61,631	123,814
Other pension costs	56,713	50,014
	<u> </u>	<u> </u>
	1,764,351	1,503,605
	<u> </u>	<u> </u>

Halfway Engineering Limited

Notes to the financial statements (continued) Year ended 30 April 2018

9. Directors remuneration

The director's aggregate remuneration in respect of qualifying services was:

	2018	2017
	£	£
Remuneration	66,798	83,208
Company contributions to pension schemes in respect of qualifying services	18,597	18,597
	<u>85,395</u>	<u>101,805</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2018	2017
	Number	Number
Defined contribution plans	<u>2</u>	<u>2</u>

The aggregate amounts paid to directors of the subsidiary was £66,798 (2017 - £83,208), with defined pension contributions made by the group of £18,597 (2017 - £18,597).

10. Income from other fixed asset investments

	2018	2017
	£	£
Dividends from other FA investments	111,554	40,249
Gain/loss on disposal of other FA investments	19,280	29,601
	<u>130,834</u>	<u>69,850</u>

11. Other interest receivable and similar income

	2018	2017
	£	£
Bank deposits	6,519	2,194
Other interest receivable and similar income	-	13,386
	<u>6,519</u>	<u>15,580</u>

12. Amounts written off investments

	2018	2017
	£	£
Amounts written off current asset investments	<u>27,234</u>	<u>3,833</u>

Halfway Engineering Limited

Notes to the financial statements (continued) Year ended 30 April 2018

13. Tax on profit

Major components of tax expense

	2018 £	2017 £
Current tax:		
UK current tax expense	165,916	197,254
Adjustments in respect of previous periods	369,705	(25,000)
	<u> </u>	<u> </u>
Deferred tax:		
Origination and reversal of timing differences	3,415	(4,670)
	<u> </u>	<u> </u>
Tax on profit	<u>539,036</u>	<u>167,584</u>

Reconciliation of tax expense

The tax assessed on the profit for the year is higher than (2017: lower than) the standard rate of corporation tax in the UK of 19.00% (2017: 19.92%).

	2018 £	2017 £
Profit before taxation	<u>939,012</u>	<u>1,055,685</u>
Profit multiplied by rate of tax	178,412	210,292
Adjustments in respect of prior periods	369,705	(25,000)
Effect of expenses not deductible for tax purposes	11,461	2,276
Effect of capital allowances and depreciation	2,090	3,124
Effect of revenue exempt from tax	(21,195)	(20,121)
Other timing differences	(1,437)	(2,987)
	<u> </u>	<u> </u>
Tax on profit	<u>539,036</u>	<u>167,584</u>

Halfway Engineering Limited

Notes to the financial statements (continued) Year ended 30 April 2018

14. Earnings per share

Basic earnings/(loss) per share

The earnings/(loss) and weighted average number of shares used in the calculation of basic earnings/(loss) per share are as follows:

	2018	2017
	£	£
Profit for the year attributable to the owners of the company	<u>586,368</u>	<u>901,891</u>

Diluted earnings/(loss) per share

The earnings/(loss) and weighted average number of shares used in the calculation of diluted earnings/(loss) per share are as follows:

	2018	2017
	£	£
Earnings/(loss) used in calculation of basic earnings/(loss) per share	<u>586,368</u>	<u>901,891</u>

15. Dividends

Equity dividends

	2018	2017
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>150,000</u>	<u>1,300,000</u>

16. Intangible assets

	Development costs	Total
	£	£
Cost		
At 1 May 2017 and 30 April 2018	<u>26,000</u>	<u>26,000</u>
Amortisation		
At 1 May 2017	5,200	5,200
Charge for the year	<u>2,600</u>	<u>2,600</u>
At 30 April 2018	<u>7,800</u>	<u>7,800</u>
Carrying amount		
At 30 April 2018	<u>18,200</u>	<u>18,200</u>
At 30 April 2017	<u>20,800</u>	<u>20,800</u>

Halfway Engineering Limited

Notes to the financial statements (continued) Year ended 30 April 2018

17. Tangible assets

	Long leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 May 2017	936,839	2,130,531	51,467	177,626	3,296,463
Additions	-	46,762	-	103,220	149,982
Disposals	-	-	-	(56,575)	(56,575)
At 30 April 2018	<u>936,839</u>	<u>2,177,293</u>	<u>51,467</u>	<u>224,271</u>	<u>3,389,870</u>
Depreciation					
At 1 May 2017	269,407	1,567,837	46,260	120,572	2,004,076
Charge for the year	11,002	91,418	781	36,747	139,948
Disposals	-	-	-	(43,287)	(43,287)
At 30 April 2018	<u>280,409</u>	<u>1,659,255</u>	<u>47,041</u>	<u>114,032</u>	<u>2,100,737</u>
Carrying amount					
At 30 April 2018	<u>656,430</u>	<u>518,038</u>	<u>4,426</u>	<u>110,239</u>	<u>1,289,133</u>
At 30 April 2017	<u>667,432</u>	<u>562,694</u>	<u>5,207</u>	<u>57,054</u>	<u>1,292,387</u>

18. Investments in group undertakings

In respect of investments held at valuation, the comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	Shares in group undertakings £	Total £
At 30 April 2018		
Aggregate cost	2,248,859	2,248,859
Aggregate depreciation	-	-
Carrying amount	<u>2,248,859</u>	<u>2,248,859</u>
At 30 April 2017		
Aggregate cost	2,248,859	2,248,859
Aggregate depreciation	-	-
Carrying amount	<u>2,248,859</u>	<u>2,248,859</u>

Halfway Engineering Limited

Notes to the financial statements (continued) Year ended 30 April 2018

Investments in group undertakings

	Registered office	Country of incorporation	Class of share	Percentage of shares held
Subsidiary undertakings				
Hadee (Holdings) Limited	New Street, Holbrook, Sheffield, S20 3GH	England and Wales	15,000 ordinary shares of £1 each	100 %
Hadee Engineering Co. Limited	New Street, Holbrook, Sheffield, S20 3GH	England and Wales	20,000 ordinary shares of £1 each	75 %

19. Stocks

	2018 £	2017 £
Raw materials and consumables	64,650	46,356
Amounts recoverable on long term work in progress	596,726	752,679
	<u>661,376</u>	<u>799,035</u>

20. Debtors

	2018 £	2017 £
Trade debtors	1,795,271	1,369,811
Prepayments and accrued income	5,509	10,010
Other debtors	97,934	105,410
	<u>1,898,714</u>	<u>1,485,231</u>

21. Investments

	2018 £	2017 £
Listed investments short term	<u>1,841,325</u>	<u>1,810,960</u>

Halfway Engineering Limited

Notes to the financial statements (continued) Year ended 30 April 2018

22. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	629,936	489,304
Amounts owed to group undertakings	69,209	200,000
Accruals and deferred income	517,790	119,201
Corporation tax	86,816	138,995
Social security and other taxes	189,721	121,180
Director loan accounts	231,474	178,402
Other creditors	269,284	247,531
	<u>1,994,230</u>	<u>1,494,613</u>

23. Provisions

	Deferred tax (note 24)	Total
	£	£
At 1 May 2017	70,878	70,878
Charges against provisions	3,415	3,415
At 30 April 2018	<u>74,293</u>	<u>74,293</u>

24. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2018	2017
	£	£
Included in provisions (note 23)	<u>74,293</u>	<u>70,877</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2018	2017
	£	£
Accelerated capital allowances	<u>74,293</u>	<u>70,877</u>

25. Employee benefits

The amount recognised in profit or loss in relation to defined contribution plans was £56,713 (2017: £50,014).

Halfway Engineering Limited

Notes to the financial statements (continued) Year ended 30 April 2018

**26. Called up share capital
Issued, called up and fully paid**

	2018		2017	
	No	£	No	£
Ordinary shares shares of £ 1.00 each	15,000	15,000	15,000	15,000

27. Reserves

Consolidation reserve:

This reserve records the profit and loss reserve at acquisition on the purchase of the subsidiary.

Movements of the reserves are shown in the statement of changes in equity.

28. Related party transactions

At the year end the amount owed to the director was £231,474. At the start of the year the amount owed to the director was £178,402.

During the year, dividends were paid to directors totalling £100,000.

29. Controlling party

Ultimate control is vested in P Lowe Esq who controls all of the companys share capital.