

**SKAR PRECISION MOULDINGS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**



# SKAR PRECISION MOULDINGS LIMITED

## COMPANY INFORMATION

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|                            |                                                                                                                                   |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| <b>Directors</b>           | K D Gant<br>P Denny<br>P M Hill<br>B G McLellan                                                                                   |
| <b>Company secretary</b>   | K D Gant                                                                                                                          |
| <b>Registered number</b>   | 00949310                                                                                                                          |
| <b>Registered office</b>   | Lady Lane Industrial Estate<br>Hadleigh<br>Ipswich<br>Suffolk<br>IP7 6AZ                                                          |
| <b>Independent auditor</b> | Scrutton Bland LLP<br>Chartered Accountants & Statutory Auditor<br>Fitzroy House<br>Crown Street<br>Ipswich<br>Suffolk<br>IP1 3LG |

# **SKAR PRECISION MOULDINGS LIMITED**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **Business review**

The directors present the Strategic Report for the year ended 31 December 2018. The company continued to provide plastic injection moulding services during the year.

The company has achieved an increase in sales whilst increases in the price of raw materials and labour has impacted on its gross profit margin. The company has made investment in fixed assets and training for all staff as part of process optimisation, which includes training more quality inspectors. The directors are pleased with the performance during the year and believe that the company is in a strong position for the future.

The company has a strong balance sheet position at the year-end. Net current assets and shareholders funds were £1,553,021 (2017: £1,563,769) and £2,662,322 (2017: £2,472,257) respectively.

### **Principal risks and uncertainties**

The company's principal financial instruments comprise bank loans. In addition, the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from operations.

The company's approach to managing the principal risks and uncertainties is shown below.

#### **Interest rate risk:**

The company's bank loans are at a variable interest rate. The directors consider interest payments as part of their cash flow forecasts.

#### **Liquidity and cash flow risk:**

In order to maintain liquidity and ensure that sufficient funds are available to meet its financial commitments, the directors prepare detailed cash flow forecasts.

#### **Credit risk:**

The company's credit risk is primarily attributable to recoverability of its debtors, including trade debtors. The directors keep the level of credit provided to customers under review.

#### **Price risk:**

The company's main expense is the purchase of raw materials, the price of which is linked to the price of oil. The directors keep price movements under review.

#### **Brexit risk:**

The long-term impact of Brexit on the company remains uncertain whilst negotiations continue. Management continue to monitor this and engage with the company's customers and suppliers to ensure that this is positively managed.

# SKAR PRECISION MOULDINGS LIMITED

## STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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### Financial key performance indicators

The company considers its financial key performance indicators to be growth in turnover, gross profit margin and profit before tax margin.

Turnover has increased by 3.6% during the year. Cost of sales increased which caused a reduction in gross profit margin and profit before tax margin which are 21.5% and 12.4% (2017: 22.5% and 13.3%) respectively.

This report was approved by the board on 3<sup>rd</sup> September 2019 and signed on its behalf.



K D Gant  
Secretary

# **SKAR PRECISION MOULDINGS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present their report and the financial statements for the year ended 31 December 2018.

### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

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

### **Principal activity**

The Company's principal activity is plastic injection moulding.

### **Results and dividends**

The profit for the year, after taxation, amounted to £600,065 (2017 - £619,863).

Particulars of dividends can be found in note 12.

### **Directors**

The directors who served during the year were:

K D Gant  
P Denny  
P M Hill  
B G McLellan

### **Matters covered in the strategic report**

Details of the company's principal risks and uncertainties, including its use of financial instruments and the key risks to which it is exposed, are included in the Strategic Report.

## SKAR PRECISION MOULDINGS LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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#### Disclosure of information to auditor

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

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

#### Post balance sheet events

There have been no significant events affecting the Company since the year end.

This report was approved by the board on 3<sup>rd</sup> September 2019 and signed on its behalf.



**K D Gant**  
Secretary

# **SKAR PRECISION MOULDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SKAR PRECISION MOULDINGS LIMITED**

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### **Opinion**

We have audited the financial statements of Skar Precision Mouldings Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

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# **SKAR PRECISION MOULDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SKAR PRECISION MOULDINGS LIMITED (CONTINUED)**

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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.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

# SKAR PRECISION MOULDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SKAR PRECISION MOULDINGS LIMITED (CONTINUED)

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

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

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

### Use of our report

This report is made solely to the Company's shareholders, 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 shareholders 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 shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

*Scrutton Bland LLP*

Mark Smith (Senior Statutory Auditor)

for and on behalf of  
**Scrutton Bland LLP**

Chartered Accountants  
Statutory Auditor

Fitzroy House  
Crown Street

Ipswich  
Suffolk

IP1 3LG

Date: *6 September 2019*

# SKAR PRECISION MOULDINGS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

|                                        | Note | 2018<br>£        | 2017<br>£        |
|----------------------------------------|------|------------------|------------------|
| Turnover                               | 4    | 5,875,401        | 5,671,764        |
| Cost of sales                          |      | (4,611,657)      | (4,395,320)      |
| <b>Gross profit</b>                    |      | <b>1,263,744</b> | <b>1,276,444</b> |
| Distribution costs                     |      | (28,248)         | (24,643)         |
| Administrative expenses                |      | (455,771)        | (445,355)        |
| Other operating income                 | 5    | 41               | 50               |
| <b>Operating profit</b>                |      | <b>779,766</b>   | <b>806,496</b>   |
| Interest receivable and similar income | 9    | 605              | 425              |
| Interest payable and expenses          | 10   | (53,598)         | (53,171)         |
| <b>Profit before tax</b>               |      | <b>726,773</b>   | <b>753,750</b>   |
| Tax on profit                          | 11   | (126,708)        | (133,887)        |
| <b>Profit for the year</b>             |      | <b>600,065</b>   | <b>619,863</b>   |

There was no other comprehensive income for 2018 (2017: £NIL).

The notes on pages 14 to 32 form part of these financial statements.

**SKAR PRECISION MOULDINGS LIMITED**  
**REGISTERED NUMBER:00949310**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

|                                                         | Note | 2018<br>£               | 2017<br>£               |
|---------------------------------------------------------|------|-------------------------|-------------------------|
| <b>Fixed assets</b>                                     |      |                         |                         |
| Tangible assets                                         | 14   | 2,368,922               | 2,386,766               |
| <b>Current assets</b>                                   |      |                         |                         |
| Stocks                                                  | 15   | 422,520                 | 390,651                 |
| Debtors: amounts falling due within one year            | 16   | 1,706,925               | 1,766,187               |
| Cash at bank and in hand                                | 17   | 802,092                 | 726,816                 |
|                                                         |      | <u>2,931,537</u>        | <u>2,883,654</u>        |
| Creditors: amounts falling due within one year          | 18   | <u>(1,378,516)</u>      | <u>(1,319,885)</u>      |
| <b>Net current assets</b>                               |      | <u>1,553,021</u>        | <u>1,563,769</u>        |
| <b>Total assets less current liabilities</b>            |      | <u>3,921,943</u>        | <u>3,950,535</u>        |
| Creditors: amounts falling due after more than one year | 19   | (1,157,971)             | (1,382,478)             |
| <b>Provisions for liabilities</b>                       |      |                         |                         |
| Deferred tax                                            | 23   | <u>(101,650)</u>        | <u>(95,800)</u>         |
| <b>Net assets</b>                                       |      | <u><u>2,662,322</u></u> | <u><u>2,472,257</u></u> |
| <b>Capital and reserves</b>                             |      |                         |                         |
| Called up share capital                                 | 24   | 1,000                   | 1,000                   |
| Profit and loss account                                 | 25   | <u>2,661,322</u>        | <u>2,471,257</u>        |
|                                                         |      | <u><u>2,662,322</u></u> | <u><u>2,472,257</u></u> |

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

30 September 2019



**K D Gant**  
**Director**

The notes on pages 14 to 32 form part of these financial statements.

# SKAR PRECISION MOULDINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

|                     | Called up<br>share capital | Profit and<br>loss account | Total equity     |
|---------------------|----------------------------|----------------------------|------------------|
|                     | £                          | £                          | £                |
| At 1 January 2018   | 1,000                      | 2,471,257                  | 2,472,257        |
| Profit for the year | -                          | 600,065                    | 600,065          |
| Dividends           | -                          | (410,000)                  | (410,000)        |
| At 31 December 2018 | <u>1,000</u>               | <u>2,661,322</u>           | <u>2,662,322</u> |

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

|                     | Called up<br>share capital | Profit and<br>loss account | Total equity     |
|---------------------|----------------------------|----------------------------|------------------|
|                     | £                          | £                          | £                |
| At 1 January 2017   | 1,000                      | 2,335,894                  | 2,336,894        |
| Profit for the year | -                          | 619,863                    | 619,863          |
| Dividends           | -                          | (484,500)                  | (484,500)        |
| At 31 December 2017 | <u>1,000</u>               | <u>2,471,257</u>           | <u>2,472,257</u> |

The notes on pages 14 to 32 form part of these financial statements.

# SKAR PRECISION MOULDINGS LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

|                                                     | 2018<br>£       | 2017<br>£       |
|-----------------------------------------------------|-----------------|-----------------|
| <b>Cash flows from operating activities</b>         |                 |                 |
| Profit for the financial year                       | 600,065         | 619,863         |
| <b>Adjustments for:</b>                             |                 |                 |
| Amortisation of intangible assets                   | -               | 6,600           |
| Depreciation of tangible assets                     | 206,247         | 183,918         |
| Loss on disposal of tangible assets                 | 222             | (1,198)         |
| Interest paid                                       | 53,598          | 53,171          |
| Interest received                                   | (605)           | (425)           |
| Taxation charge                                     | 126,708         | 133,887         |
| (Increase) in stocks                                | (31,869)        | (74,232)        |
| Decrease in debtors                                 | 59,262          | 3,410           |
| Increase/(decrease) in creditors                    | 40,531          | (45,776)        |
| Corporation tax (paid)                              | (128,423)       | (181,544)       |
| <b>Net cash generated from operating activities</b> | <b>925,736</b>  | <b>697,674</b>  |
| <b>Cash flows from investing activities</b>         |                 |                 |
| Purchase of tangible fixed assets                   | (74,229)        | (84,557)        |
| Sale of tangible fixed assets                       | 1,749           | 3,201           |
| Interest received                                   | 605             | 425             |
| HP interest paid                                    | (11,341)        | (8,226)         |
| <b>Net cash from investing activities</b>           | <b>(83,216)</b> | <b>(89,157)</b> |

# SKAR PRECISION MOULDINGS LIMITED

## STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

|                                                               | 2018<br>£        | 2017<br>£        |
|---------------------------------------------------------------|------------------|------------------|
| <b>Cash flows from financing activities</b>                   |                  |                  |
| Repayment of loans                                            | (193,004)        | (193,004)        |
| Repayment of/new finance leases                               | (121,983)        | (79,065)         |
| Dividends paid                                                | (410,000)        | (484,500)        |
| Interest paid                                                 | (42,257)         | (44,945)         |
| <b>Net cash used in financing activities</b>                  | <b>(767,244)</b> | <b>(801,514)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   | <b>75,276</b>    | <b>(192,997)</b> |
| Cash and cash equivalents at beginning of year                | 726,816          | 919,813          |
| <b>Cash and cash equivalents at the end of year</b>           | <b>802,092</b>   | <b>726,816</b>   |
| <b>Cash and cash equivalents at the end of year comprise:</b> |                  |                  |
| Cash at bank and in hand                                      | 802,092          | 726,816          |

The notes on pages 14 to 32 form part of these financial statements.

# SKAR PRECISION MOULDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1. General information

Skar Precision Mouldings Limited (the "Company") is a company limited by shares and incorporated and domiciled in England and Wales. The address of the registered office is Lady Lane Industrial Estate, Hadleigh, Ipswich, Suffolk IP7 6AZ.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, the Companies Act 2006 and Financial Reporting Council Abstracts.

The following principal accounting policies have been applied:

#### 2.2 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover from the sale of goods is recognised when they are dispatched.

#### 2.3 Tangible fixed assets

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

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

# SKAR PRECISION MOULDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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### 2. Accounting policies (continued)

#### 2.3 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

|                                         |                              |
|-----------------------------------------|------------------------------|
| Buildings                               | - Over a 50 year life        |
| Plant and machinery                     | - 20 to 25% reducing balance |
| Fixtures, fittings, tools and equipment | - 25% reducing balance       |

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in either cost of sales or administrative expenses.

#### 2.4 Stocks

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

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

#### 2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

#### 2.7 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

# SKAR PRECISION MOULDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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### 2. Accounting policies (continued)

#### 2.7 Financial instruments (continued)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

#### 2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 2.9 Foreign currency translation

The company's functional and presentational currency is GBP.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in administrative expenses.

#### 2.10 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

# **SKAR PRECISION MOULDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **2. Accounting policies (continued)**

#### **2.12 Leased assets: the Company as lessee**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

#### **2.13 Pensions**

##### **Defined contribution pension plan**

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

#### **2.14 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

# SKAR PRECISION MOULDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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### 2. Accounting policies (continued)

#### 2.15 Current and deferred taxation

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

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

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

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

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

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

Raw materials are written down by the appropriate percentages to account for wastage as part of the manufacturing process and rejects. Finished goods are valued at the appropriate percentages of selling prices to reflect the average gross margin made on the sales of such items. Work in progress is valued based on the stage of completion.

The loan receivable from Aspire Plastics Limited included within amounts owed by group undertakings is recognised as being wholly due within one year on the basis the company has sufficient distributable reserves to pay the dividends to Aspire Plastics Limited that would enable the debt to be settled.

# SKAR PRECISION MOULDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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### 4. Turnover

An analysis of turnover by class of business is as follows:

|               | 2018<br>£        | 2017<br>£        |
|---------------|------------------|------------------|
| Sale of goods | <u>5,875,401</u> | <u>5,671,764</u> |

Analysis of turnover by country of destination:

|                   | 2018<br>£        | 2017<br>£        |
|-------------------|------------------|------------------|
| United Kingdom    | 5,166,482        | 4,940,224        |
| Rest of Europe    | 696,266          | 708,114          |
| Rest of the World | 12,653           | 23,426           |
|                   | <u>5,875,401</u> | <u>5,671,764</u> |

All of the company's turnover is generated from its principal activity of plastic injection moulding.

### 5. Other operating income

|               | 2018<br>£ | 2017<br>£ |
|---------------|-----------|-----------|
| Sundry income | <u>41</u> | <u>50</u> |

### 6. Auditor's remuneration

|                            | 2018<br>£    | 2017<br>£    |
|----------------------------|--------------|--------------|
| Fees payable for the audit | <u>4,800</u> | <u>4,650</u> |

# SKAR PRECISION MOULDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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### 7. Employees

Staff costs, including directors' remuneration, were as follows:

|                                             | 2018<br>£        | 2017<br>£        |
|---------------------------------------------|------------------|------------------|
| Wages and salaries                          | 1,647,539        | 1,592,445        |
| Social security costs                       | 84,069           | 79,334           |
| Cost of defined contribution pension scheme | 96,693           | 90,269           |
|                                             | <u>1,828,301</u> | <u>1,762,048</u> |

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

|                               | 2018<br>No. | 2017<br>No. |
|-------------------------------|-------------|-------------|
| Management and administration | 21          | 21          |
| Direct                        | 52          | 44          |
|                               | <u>73</u>   | <u>65</u>   |

### 8. Directors' remuneration

|                                                               | 2018<br>£      | 2017<br>£      |
|---------------------------------------------------------------|----------------|----------------|
| Directors' emoluments                                         | 62,053         | 48,850         |
| Company contributions to defined contribution pension schemes | 82,000         | 82,000         |
|                                                               | <u>144,053</u> | <u>130,850</u> |

During the year retirement benefits were accruing to 4 directors (2017 - 4) in respect of defined contribution pension schemes.

The directors' remuneration equates to key management personnel compensation. There are no members of key management other than the directors.

# SKAR PRECISION MOULDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 9. Interest receivable

|                          | 2018<br>£  | 2017<br>£  |
|--------------------------|------------|------------|
| Bank interest receivable | <u>605</u> | <u>425</u> |

### 10. Interest payable and similar expenses

|                         | 2018<br>£     | 2017<br>£     |
|-------------------------|---------------|---------------|
| Bank interest payable   | 42,257        | 44,945        |
| Hire purchase contracts | <u>11,341</u> | <u>8,226</u>  |
|                         | <u>53,598</u> | <u>53,171</u> |

### 11. Taxation

|                                                  | 2018<br>£      | 2017<br>£      |
|--------------------------------------------------|----------------|----------------|
| <b>Corporation tax</b>                           |                |                |
| Current tax on profits for the year              | 119,126        | 118,263        |
| Adjustments in respect of previous periods       | <u>1,732</u>   | <u>-</u>       |
|                                                  | <u>120,858</u> | <u>118,263</u> |
| <b>Deferred tax</b>                              |                |                |
| Origination and reversal of timing differences   | <u>5,850</u>   | <u>15,624</u>  |
| <b>Taxation on profit on ordinary activities</b> | <u>126,708</u> | <u>133,887</u> |

# SKAR PRECISION MOULDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 11. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is the same as (2017 - the same as) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%) as set out below:

|                                                                                                               | 2018<br>£       | 2017<br>£ |
|---------------------------------------------------------------------------------------------------------------|-----------------|-----------|
| Profit on ordinary activities before tax                                                                      | <b>726,773</b>  | 753,750   |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%) | <b>138,087</b>  | 141,493   |
| <b>Effects of:</b>                                                                                            |                 |           |
| Expenses not deductible for tax purposes                                                                      | <b>2,231</b>    | 3,859     |
| Capital allowances for year in excess of depreciation                                                         | <b>6,211</b>    | 4,337     |
| Adjustments to tax charge in respect of prior periods                                                         | <b>1,732</b>    | -         |
| Change in rate of tax                                                                                         | <b>(688)</b>    | (15,792)  |
| Non-taxable income                                                                                            | <b>(8)</b>      | (10)      |
| Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge         | <b>(20,857)</b> | -         |
| <b>Total tax charge for the year</b>                                                                          | <b>126,708</b>  | 133,887   |

#### Factors that may affect future tax charges

It was announced in the March 2016 budget that the main rate will reduce to 19% for financial years from 2017 and 17% for financial years from 2020.

### 12. Dividends

|                | 2018<br>£      | 2017<br>£ |
|----------------|----------------|-----------|
| Dividends paid | <b>410,000</b> | 484,500   |

# SKAR PRECISION MOULDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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### 13. Intangible assets

|                       | Goodwill<br>£ |
|-----------------------|---------------|
| <b>Cost</b>           |               |
| At 1 January 2018     | 6,600         |
| At 31 December 2018   | <u>6,600</u>  |
| <b>Amortisation</b>   |               |
| At 1 January 2018     | 6,600         |
| At 31 December 2018   | <u>6,600</u>  |
| <b>Net book value</b> |               |
| At 31 December 2018   | <u>-</u>      |
| At 31 December 2017   | <u>-</u>      |

# SKAR PRECISION MOULDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 14. Tangible fixed assets

|                                     | Freehold<br>property<br>£ | Plant and<br>machinery<br>£ | Fixtures and<br>fittings<br>£ | Total<br>£       |
|-------------------------------------|---------------------------|-----------------------------|-------------------------------|------------------|
| <b>Cost or valuation</b>            |                           |                             |                               |                  |
| At 1 January 2018                   | 1,777,903                 | 2,048,173                   | 338,285                       | 4,164,361        |
| Additions                           | 17,777                    | 138,922                     | 33,675                        | 190,374          |
| Disposals                           | -                         | (101,900)                   | (10,703)                      | (112,603)        |
| At 31 December 2018                 | <u>1,795,680</u>          | <u>2,085,195</u>            | <u>361,257</u>                | <u>4,242,132</u> |
| <b>Depreciation</b>                 |                           |                             |                               |                  |
| At 1 January 2018                   | 116,777                   | 1,405,148                   | 255,670                       | 1,777,595        |
| Charge for the year on owned assets | 33,954                    | 147,621                     | 24,672                        | 206,247          |
| Disposals                           | -                         | (99,940)                    | (10,692)                      | (110,632)        |
| At 31 December 2018                 | <u>150,731</u>            | <u>1,452,829</u>            | <u>269,650</u>                | <u>1,873,210</u> |
| <b>Net book value</b>               |                           |                             |                               |                  |
| At 31 December 2018                 | <u>1,644,949</u>          | <u>632,366</u>              | <u>91,607</u>                 | <u>2,368,922</u> |
| At 31 December 2017                 | <u>1,661,126</u>          | <u>643,025</u>              | <u>82,615</u>                 | <u>2,386,766</u> |

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

|                     | 2018<br>£      | 2017<br>£      |
|---------------------|----------------|----------------|
| Plant and machinery | <u>381,657</u> | <u>353,990</u> |

# SKAR PRECISION MOULDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 15. Stocks

|                                     | 2018<br>£      | 2017<br>£      |
|-------------------------------------|----------------|----------------|
| Raw materials and consumables       | 196,664        | 168,494        |
| Work in progress                    | 16,427         | 16,106         |
| Finished goods and goods for resale | 209,429        | 206,051        |
|                                     | <u>422,520</u> | <u>390,651</u> |

Stock recognised in cost of sales during the year as an expense was £2,313,313 (2017 - £2,450,340).

Cost of sales also includes a credit of £5,058 (2017 - debit of £20,139), being the increase in the closing stock obsolescence provision.

### 16. Debtors

|                                    | 2018<br>£        | 2017<br>£        |
|------------------------------------|------------------|------------------|
| Trade debtors                      | 585,724          | 668,463          |
| Amounts owed by group undertakings | 1,041,768        | 1,041,768        |
| Prepayments and accrued income     | 79,433           | 55,956           |
|                                    | <u>1,706,925</u> | <u>1,766,187</u> |

### 17. Cash and cash equivalents

|                          | 2018<br>£ | 2017<br>£ |
|--------------------------|-----------|-----------|
| Cash at bank and in hand | 802,092   | 726,816   |

# SKAR PRECISION MOULDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 18. Creditors: Amounts falling due within one year

|                                                             | 2018<br>£        | 2017<br>£        |
|-------------------------------------------------------------|------------------|------------------|
| Bank loans                                                  | 192,988          | 193,004          |
| Trade creditors                                             | 671,817          | 689,083          |
| Amounts owed to group undertakings                          | 54,246           | 54,246           |
| Corporation tax                                             | 119,126          | 126,691          |
| Other taxation and social security                          | 119,046          | 83,133           |
| Obligations under finance lease and hire purchase contracts | 115,824          | 90,143           |
| Other creditors                                             | 48,563           | 45,462           |
| Accruals and deferred income                                | 56,906           | 38,123           |
|                                                             | <u>1,378,516</u> | <u>1,319,885</u> |

### 19. Creditors: Amounts falling due after more than one year

|                                                                  | 2018<br>£        | 2017<br>£        |
|------------------------------------------------------------------|------------------|------------------|
| Bank loans                                                       | 952,000          | 1,144,988        |
| Net obligations under finance leases and hire purchase contracts | 205,971          | 237,490          |
|                                                                  | <u>1,157,971</u> | <u>1,382,478</u> |

The bank loans are secured by fixed charges over the company's freehold property and a debenture over all of the company's assets.

The net obligations under hire purchase contracts are secured against the assets to which they relate.

# SKAR PRECISION MOULDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 20. Loans

Analysis of the maturity of loans is given below:

|                                                    | 2018<br>£        | 2017<br>£        |
|----------------------------------------------------|------------------|------------------|
| <b>Amounts falling due within one year</b>         |                  |                  |
| Bank loans                                         | 192,988          | 193,004          |
| <b>Amounts falling due 1-2 years</b>               |                  |                  |
| Bank loans                                         | 68,000           | 192,988          |
| <b>Amounts falling due 2-5 years</b>               |                  |                  |
| Bank loans                                         | 884,000          | 204,000          |
| <b>Amounts falling due after more than 5 years</b> |                  |                  |
| Bank loans                                         | -                | 748,000          |
|                                                    | <b>1,144,988</b> | <b>1,337,992</b> |

The bank loan falling due after more than 1 year is repayable through monthly instalments and attracts interest at a commercial variable rate.

### 21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

|                   | 2018<br>£      | 2017<br>£      |
|-------------------|----------------|----------------|
| Within one year   | 126,261        | 101,546        |
| Between 1-5 years | 224,906        | 259,055        |
|                   | <b>351,167</b> | <b>360,601</b> |

# SKAR PRECISION MOULDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 22. Financial instruments

|                                                                       | 2018<br>£          | 2017<br>£          |
|-----------------------------------------------------------------------|--------------------|--------------------|
| <b>Financial assets</b>                                               |                    |                    |
| Financial assets that are debt instruments measured at amortised cost | <u>1,627,492</u>   | <u>1,710,231</u>   |
| <b>Financial liabilities</b>                                          |                    |                    |
| Financial liabilities measured at amortised cost                      | <u>(1,976,520)</u> | <u>(2,164,906)</u> |

Financial assets measured at amortised cost comprise trade debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, amounts owed to group undertakings, other creditors and accruals.

### 23. Deferred taxation

|                           | 2018<br>£        | 2017<br>£       |
|---------------------------|------------------|-----------------|
| At beginning of year      | (95,800)         | (80,176)        |
| Charged to profit or loss | (5,850)          | (15,624)        |
| <b>At end of year</b>     | <u>(101,650)</u> | <u>(95,800)</u> |

The provision for deferred taxation is made up as follows:

|                                | 2018<br>£        | 2017<br>£       |
|--------------------------------|------------------|-----------------|
| Accelerated capital allowances | <u>(101,650)</u> | <u>(95,800)</u> |

# SKAR PRECISION MOULDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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### 24. Share capital

|                                                    | 2018<br>£    | 2017<br>£    |
|----------------------------------------------------|--------------|--------------|
| <b>Issued, allotted, called up and fully paid</b>  |              |              |
| 1,000 (2017 - 1,000) Ordinary shares of £1.00 each | <u>1,000</u> | <u>1,000</u> |

### 25. Reserves

#### Profit and loss account

The profit and loss account represents the company's accumulated profits which are available for distribution to shareholders.

### 26. Capital commitments

At 31 December 2018 the Company had capital commitments as follows:

|                                                               | 2018<br>£      | 2017<br>£ |
|---------------------------------------------------------------|----------------|-----------|
| Contracted for but not provided in these financial statements | <u>120,864</u> | <u>-</u>  |

### 27. Pension commitments

The company contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £96,693 (2017 - £90,309). Contributions totalling £1,945 (2017 - £956) were payable to the fund at the balance sheet date.

### 28. Related party transactions

The company has taken advantage of the exemptions provided in FRS 102 from disclosing transactions with members of the same group that are wholly owned.

At the year end, the company owed its parent company an amount of £54,246 (2017 - £54,246).

At the year end, the company was owed by its ultimate parent company an amount of £1,041,768 (2017 - £1,041,768). The amount due to the company from its ultimate parent company is repayable on demand on the basis that its ultimate parent company would have sufficient available funds to make this payment following the payment of a dividend by the company which would flow through the group to its ultimate parent company.

# **SKAR PRECISION MOULDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **29. Controlling party**

The ultimate parent company is Aspire Plastics Limited. There is no ultimate controlling party.