

SKAR PRECISION MOULDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

SKAR PRECISION MOULDINGS LIMITED

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SKAR PRECISION MOULDINGS LIMITED

COMPANY INFORMATION

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

SKAR PRECISION MOULDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Business review

The directors present the Strategic Report for the year ended 31 December 2019. 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 £1,700,329 (2018: £1,553,021) and £2,943,059 (2018: £2,662,322) respectively.

Since the year-end the COVID-19 pandemic has created uncertainty on the future outlook for business activity in the UK. The directors are keeping the situation under constant review to ensure the cashflow and services are managed effectively.

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 2019

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 13.4% during the year. Cost of sales increased marginally during the year leading to a reduction in gross profit margin to 21.0% (2018: 21.5%). Profit before tax margin saw an increase to 12.7% (2018: 12.4%) as a result of the additional turnover.

This report was approved by the board on 1 September 2020 and signed on its behalf.

K D Gant
Secretary

SKAR PRECISION MOULDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

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 £686,737 (2018 - £600,065).

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 2019

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

Since the year end, the UK, and the whole world, has been struck by the COVID-19 pandemic. This does not have an effect on the financial position shown by these accounts for 2019 and they continue to be drawn up on a going concern basis, as explained in note 2.2 within the accounting policies.

This report was approved by the board on 1 September 2020 and signed on its behalf.

K D Gant
Secretary

SKAR PRECISION MOULDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS, AS A BODY, OF SKAR PRECISION MOULDINGS LIMITED

Opinion

We have audited the financial statements of Skar Precision Mouldings Limited (the 'Company') for the year ended 31 December 2019, 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 2019 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

SKAR PRECISION MOULDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS, AS A BODY, OF SKAR PRECISION MOULDINGS LIMITED (CONTINUED)

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 MEMBERS, AS A BODY, OF SKAR PRECISION MOULDINGS LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

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

1 September 2020

SKAR PRECISION MOULDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	6,660,012	5,875,401
Cost of sales		(5,261,557)	(4,611,657)
Gross profit		1,398,455	1,263,744
Distribution costs		(28,398)	(28,248)
Administrative expenses		(473,653)	(455,771)
Other operating income	5	44	41
Operating profit		896,448	779,766
Interest receivable and similar income	9	1,115	605
Interest payable and expenses	10	(49,282)	(53,598)
Profit before tax		848,281	726,773
Tax on profit	11	(161,544)	(126,708)
Profit for the year		686,737	600,065

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 14 to 30 form part of these financial statements.

SKAR PRECISION MOULDINGS LIMITED

REGISTERED NUMBER:00949310

**BALANCE SHEET
AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	2,407,392	2,368,922
Current assets			
Stocks	15	500,654	422,520
Debtors: amounts falling due within one year	16	1,966,396	1,706,925
Cash at bank and in hand	17	601,462	802,092
		3,068,512	2,931,537
Creditors: amounts falling due within one year	18	(1,368,183)	(1,378,516)
Net current assets		1,700,329	1,553,021
Total assets less current liabilities		4,107,721	3,921,943
Creditors: amounts falling due after more than one year	19	(1,030,514)	(1,157,971)
Provisions for liabilities			
Deferred tax	22	(134,148)	(101,650)
Net assets		2,943,059	2,662,322
Capital and reserves			
Called up share capital	23	1,000	1,000
Profit and loss account	24	2,942,059	2,661,322
		2,943,059	2,662,322

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 September 2020.

K D Gant
Director

The notes on pages 14 to 30 form part of these financial statements.

SKAR PRECISION MOULDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Profit and 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 1 January 2019	1,000	2,661,322	2,662,322
Profit for the year	-	686,737	686,737
Dividends	-	(406,000)	(406,000)
At 31 December 2018	1,000	2,942,059	2,943,059

SKAR PRECISION MOULDINGS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	686,737	600,065
Adjustments for:		
Depreciation of tangible assets	222,337	206,247
Loss on disposal of tangible assets	(24,426)	222
Interest paid	49,282	53,598
Interest received	(1,115)	(605)
Taxation charge	161,544	126,708
(Increase) in stocks	(78,134)	(31,869)
(Increase)/decrease in debtors	(259,471)	59,262
Increase in creditors	94,214	40,531
Corporation tax (paid)	(119,126)	(128,423)
Net cash generated from operating activities	731,842	925,736
Cash flows from investing activities		
Purchase of tangible fixed assets	(178,818)	(74,229)
Sale of tangible fixed assets	25,437	1,749
Interest received	1,115	605
HP interest paid	(12,757)	(11,341)
Net cash from investing activities	(165,023)	(83,216)
Cash flows from financing activities		
Repayment of loans	(192,988)	(193,004)
Repayment of/new finance leases	(131,936)	(121,983)
Dividends paid	(406,000)	(410,000)
Interest paid	(36,525)	(42,257)
Net cash used in financing activities	(767,449)	(767,244)
Net (decrease)/increase in cash and cash equivalents	(200,630)	75,276
Cash and cash equivalents at beginning of year	802,092	726,816
Cash and cash equivalents at the end of year	601,462	802,092
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	601,462	802,092

The notes on pages 14 to 30 form part of these financial statements.

SKAR PRECISION MOULDINGS LIMITED

ANALYSIS OF NET DEBT FOR THE YEAR ENDED 31 DECEMBER 2019

	At 1 January 2019 £	Cash flows £	New finance leases £	Other non-cash changes £	At 31 December 2019 £
Cash at bank and in hand	802,092	(200,630)	-	-	601,462
Debt due after 1 year	(952,000)	-	-	68,000	(884,000)
Debt due within 1 year	(192,988)	192,988	-	(68,000)	(68,000)
Finance leases	(321,795)	131,936	(83,000)	-	(272,859)
	<u>(664,691)</u>	<u>124,294</u>	<u>(83,000)</u>	<u>-</u>	<u>(623,397)</u>

The notes on pages 14 to 30 form part of these financial statements.

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 Going concern

The financial statements have been drawn up on a going concern basis.

The impact of COVID-19 will have a significant impact on the economy during 2020. The directors have prepared revised cashflow forecasts in light of COVID-19 which indicate that the company will continue to be able to meet all of its liabilities as they fall due, with the company continuing to trade profitably during the UK lockdown period. The directors believe that the company is at less financial risk as a result of COVID-19 due to the specific sectors in which it operates and the strength of its balance sheet at 31 December 2019.

2.3 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.

2.4 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 2019

2. Accounting policies (continued)

2.4 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.

2.5 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.

2.6 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.

2.7 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.

2.8 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 ordinary shares.

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.8 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.

2.9 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.

2.10 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.

2.11 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.

2.12 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 2019

2. Accounting policies (continued)

2.13 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.

2.14 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.

2.15 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 2019

2. Accounting policies (continued)

2.16 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 2019

4. Turnover

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

	2019 £	2018 £
Sale of goods	<u>6,660,012</u>	<u>5,875,401</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	5,953,715	5,166,482
Rest of Europe	678,872	696,266
Rest of the World	27,425	12,653
	<u>6,660,012</u>	<u>5,875,401</u>

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

5. Other operating income

	2019 £	2018 £
Sundry income	<u>44</u>	<u>41</u>

6. Auditor's remuneration

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £ (2018 -).

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

7. Employees

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

	2019 £	2018 £
Wages and salaries	1,251,081	1,189,602
Social security costs	92,866	84,069
Cost of defined contribution pension scheme	106,114	96,693
	<u>1,450,061</u>	<u>1,370,364</u>

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

	2019 No.	2018 No.
	21	21
Management and administration		
	45	52
Direct		
	<u>66</u>	<u>73</u>

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	64,000	62,053
Company contributions to defined contribution pension schemes	82,000	82,000
	<u>146,000</u>	<u>144,053</u>

During the year retirement benefits were accruing to 4 directors (2018 - 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.

9. Interest receivable

	2019 £	2018 £
Bank interest receivable	<u>1,115</u>	<u>605</u>

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

10. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	36,525	42,257
Hire purchase contracts	12,757	11,341
	<u>49,282</u>	<u>53,598</u>

11. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	129,046	119,126
Adjustments in respect of previous periods	-	1,732
	<u>129,046</u>	<u>120,858</u>
Deferred tax		
Origination and reversal of timing differences	32,498	5,850
	<u>161,544</u>	<u>126,708</u>
Taxation on profit on ordinary activities		

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>848,281</u>	<u>726,773</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	161,173	138,087
Effects of:		
Expenses not deductible for tax purposes	2,385	2,231
Capital allowances for year in excess of depreciation	6,498	6,211
Adjustments to tax charge in respect of prior periods	-	1,732
Other timing differences	11,819	(688)
Non-taxable income	(8)	(8)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	<u>(20,323)</u>	<u>(20,857)</u>
Total tax charge for the year	<u>161,544</u>	<u>126,708</u>

12. Dividends

	2019 £	2018 £
Dividends paid	<u>406,000</u>	<u>410,000</u>

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

13. Intangible assets

	Goodwill £
Cost	
At 1 January 2019	6,600
At 31 December 2019	<u>6,600</u>
Amortisation	
At 1 January 2019	6,600
At 31 December 2019	<u>6,600</u>
Net book value	
At 31 December 2019	<u>-</u>
At 31 December 2018	<u>-</u>

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

14. Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2019	1,795,680	2,085,195	361,257	4,242,132
Additions	14,836	216,779	30,203	261,818
Disposals	-	(36,983)	-	(36,983)
At 31 December 2019	<u>1,810,516</u>	<u>2,264,991</u>	<u>391,460</u>	<u>4,466,967</u>
Depreciation				
At 1 January 2019	150,731	1,452,829	269,650	1,873,210
Charge for the year on owned assets	34,607	163,361	24,369	222,337
Disposals	-	(35,972)	-	(35,972)
At 31 December 2019	<u>185,338</u>	<u>1,580,218</u>	<u>294,019</u>	<u>2,059,575</u>
Net book value				
At 31 December 2019	<u>1,625,178</u>	<u>684,773</u>	<u>97,441</u>	<u>2,407,392</u>
At 31 December 2018	<u>1,644,949</u>	<u>632,366</u>	<u>91,607</u>	<u>2,368,922</u>

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

	2019 £	2018 £
Plant and machinery	<u>351,289</u>	<u>381,657</u>

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

15. Stocks

	2019 £	2018 £
Raw materials and consumables	228,541	196,664
Work in progress	22,879	16,427
Finished goods and goods for resale	249,234	209,429
	<u>500,654</u>	<u>422,520</u>

The carrying value of stocks are stated net of provisions totalling £352,168 (2018 -£291,300). Cost of sales includes a debit of £60,868 (2018 - credit of £5,058), being the increase in the closing stock provisions.

16. Debtors

	2019 £	2018 £
Trade debtors	866,500	585,724
Amounts owed by group undertakings	1,041,768	1,041,768
Prepayments and accrued income	58,128	79,433
	<u>1,966,396</u>	<u>1,706,925</u>

17. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>601,462</u>	<u>802,092</u>

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

18. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank loans	68,000	192,988
Trade creditors	723,580	671,817
Amounts owed to group undertakings	54,246	54,246
Corporation tax	129,046	119,126
Other taxation and social security	148,548	119,046
Obligations under finance lease and hire purchase contracts	126,345	115,824
Other creditors	49,211	48,563
Accruals and deferred income	69,207	56,906
	<u>1,368,183</u>	<u>1,378,516</u>

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

	2019 £	2018 £
Bank loans	884,000	952,000
Net obligations under finance leases and hire purchase contracts	146,514	205,971
	<u>1,030,514</u>	<u>1,157,971</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 2019

20. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year		
Bank loans	68,000	192,988
Amounts falling due 1-2 years		
Bank loans	68,000	68,000
Amounts falling due 2-5 years		
Bank loans	816,000	884,000
	<u>952,000</u>	<u>1,144,988</u>

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:

	2019 £	2018 £
Within one year	135,006	126,261
Between 1-5 years	163,828	224,906
	<u>298,834</u>	<u>351,167</u>

22. Deferred taxation

	2019 £	2018 £
At beginning of year	(101,650)	(95,800)
Charged to profit or loss	(32,498)	(5,850)
At end of year	<u>(134,148)</u>	<u>(101,650)</u>

SKAR PRECISION MOULDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

22. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	<u>(134,148)</u>	<u>(101,650)</u>

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

23. Share capital

	2019 £	2018 £
Issued, allotted, called up and fully paid		
1,000 (2018 - 1,000) Ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

24. Reserves

Profit and loss account

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

25. Capital commitments

At 31 December 2019 the Company had capital commitments as follows:

	2019 £	2018 £
Contracted for but not provided in these financial statements	<u>-</u>	<u>120,864</u>

26. 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 £106,114 (2018 - £96,693). Contributions totalling £2,903 (2018 - £1,945) were payable to the fund at the balance sheet date.

27. 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 (2018 - £54,246).

At the year end, the company was owed by its ultimate parent company an amount of £1,041,768 (2018 - £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 2019

28. Post balance sheet events

Since the year end, the UK, and the whole world, has been struck by the COVID-19 pandemic. This does not have an effect on the financial position shown by these accounts for 2019 and they continue to be drawn up on a going concern basis, as explained in note 2.2 within the accounting policies.

29. Controlling party

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

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