Registered Number: 00949310

SKAR PRECISION MOULDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

SKAR PRECISION MOULDINGS LIMITED

CONTENTS

	Page
Company Information	1
Strategic Report	2 - 3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 10
Statement of Comprehensive Income (including the Profit and Loss Account)	11
Balance Sheet	12
Statement of Changes in Equity	13
Statement of Cash Flows	14 - 15
Analysis of Net Debt	16
Notes to the Financial Statements	17 - 31

SKAR PRECISION MOULDINGS LIMITED

COMPANY INFORMATION

Directors	K D Gant P Denny P M Hill (resigned 26 February 2021) 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

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Business review

The directors present the Strategic Report for the year ended 31 December 2020. The company continued to provide plastic injection moulding services during the year.

Turnover has decreased as a result of the impact of the COVID-19 pandemic during the year. Nonetheless the company has continued to supply essential industries and achieved an increase in the net profit. The company continues to invest in fixed assets and training for all staff as part of process optimisation. 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 £2,032,068 (2019: £1,700,329) and £3,304,793 (2019: £2,943,059) 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. Management continue to monitor this and engage with the company's customers and suppliers to ensure that this is positively managed.

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 decreased by 10.5% during the year. Cost of sales decreased at a greater rate during the year leading to an increase in gross profit margin to 25.2% (2019: 21.0%). Profit before tax margin saw an increase to 16.2% (2019: 12.7%) as a result of the increase gross profit margin.

This report was approved by the board on 22 June 2021 and signed on its behalf.

K D Gant
Secretary

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

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 £795,734 (2019 - £686,737).

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 (resigned 26 February 2021)
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.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

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, a bank loan for £750,000 has been taken out with the CBILs loan of £150,000 being repaid. A dividend has been paid to the immediate parent of £868,320 to fund a purchase of shares from a retiring director/shareholder of the ultimate parent company.

Furthermore, a trade and assets acquisition is in the advanced stages of negotiation. Goodwill of £150,000 will be paid over 3 instalments in addition to the fair value of assets acquired.

This report was approved by the board on 22 June 2021 and signed on its behalf.

K D Gant
Secretary

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS 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 2020, 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 2020 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

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 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.

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial experience and through discussions and enquiries of Directors and management. During the engagement team briefing, the outcomes of these discussions were shared with the team, as well as consideration as to where and how fraud may occur in the Company.

The following laws and regulations were identified as being of significance to the Company:

• Those laws and regulations considered to have a direct effect on the financial statements including UK financial reporting standards and UK Company Law; and

• Those laws and regulations considered to have a indirect effect on the financial statements including the Health & Safety Act 1974, COSHH and REACH regulations.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the company complies with such regulations; enquiries of management and those charged with governance concerning any actual or potential litigation or claims, inspection of relevant legal documentation, review of board minutes, testing of journal entries, performance of analytical review to identify any unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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.

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

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

24 June 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Turnover	4	**5,960,509**	6,660,012
Cost of sales		**(4,456,572)**	(5,261,557)
Gross profit		**1,503,937**	1,398,455
Distribution costs		**(28,572)**	(28,398)
Administrative expenses		**(478,347)**	(473,653)
Other operating income	5	**6,556**	44
Operating profit		**1,003,574**	896,448
Interest receivable and similar income	9	**403**	1,115
Interest payable and expenses	10	**(39,900)**	(49,282)
Profit before tax		**964,077**	848,281
Tax on profit	11	**(168,343)**	(161,544)
Profit for the year		**795,734**	686,737

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 17 to 31 form part of these financial statements.

SKAR PRECISION MOULDINGS LIMITED

REGISTERED NUMBER:00949310

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note		2020 £		2019 £
Fixed assets					
Tangible assets	13		**2,541,063**		2,407,392
Current assets					
Stocks	14	**502,834**		500,654	
Debtors: amounts falling due within one year	15	**1,996,545**		1,966,396	
Cash at bank and in hand	16	**808,999**		601,462	
		3,308,378		3,068,512	
Creditors: amounts falling due within one year	17	**(1,276,310)**		(1,368,183)	
Net current assets			**2,032,068**		1,700,329
Total assets less current liabilities			**4,573,131**		4,107,721
Creditors: amounts falling due after more than one year	18		**(1,100,959)**		(1,030,514)
Provisions for liabilities					
Deferred tax	21		**(167,379)**		(134,148)
Net assets			**3,304,793**		2,943,059
Capital and reserves					
Called up share capital	22		**1,000**		1,000
Profit and loss account	23		**3,303,793**		2,942,059
			3,304,793		2,943,059

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 June 2021.

K D Gant
Director

The notes on pages 17 to 31 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Profit and loss account £	Total equity £
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 1 January 2020	**1,000**	**2,942,059**	**2,943,059**
Profit for the year	**-**	**795,734**	**795,734**
Dividends	**-**	**(434,000)**	**(434,000)**
At 31 December 2018	**1,000**	**3,303,793**	**3,304,793**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	**795,734**	686,737
Adjustments for:		
Depreciation of tangible assets	**226,134**	222,337
Loss on disposal of tangible assets	**10,955**	(24,426)
Interest paid	**39,900**	49,282
Interest received	**(403)**	(1,115)
Taxation charge	**168,343**	161,544
(Increase) in stocks	**(2,180)**	(78,134)
(Increase) in debtors	**(30,149)**	(259,471)
(Decrease)/increase in creditors	**(91,198)**	94,214
Corporation tax (paid)	**(129,046)**	(119,126)
Net cash generated from operating activities	**988,090**	731,842
Cash flows from investing activities		
Purchase of tangible fixed assets	**(263,860)**	(178,818)
Sale of tangible fixed assets	**9,800**	25,437
Interest received	**403**	1,115
HP interest paid	**(12,609)**	(12,757)
Net cash from investing activities	**(266,266)**	(165,023)

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flows from financing activities		
New secured loans	**150,000**	-
Repayment of loans	**(67,999)**	(192,988)
Repayment of/new finance leases	**(134,997)**	(131,936)
Dividends paid	**(434,000)**	(406,000)
Interest paid	**(27,291)**	(36,525)
Net cash used in financing activities	**(514,287)**	(767,449)
Net increase/(decrease) in cash and cash equivalents	**207,537**	(200,630)
Cash and cash equivalents at beginning of year	**601,462**	802,092
Cash and cash equivalents at the end of year	**808,999**	601,462
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**808,999**	601,462

The notes on pages 17 to 31 form part of these financial statements.

ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2020

	At 1 January 2020 £	Cash flows £	New loans £	New finance leases £	Other non-cash changes £	At 31 December 2020 £
Cash at bank and in hand	601,462	207,537	-	-	-	808,999
Debt due after 1 year	(884,000)	-	(142,500)	-	68,000	(958,500)
Debt due within 1 year	(68,000)	68,000	(7,500)	-	(68,000)	(75,500)
Finance leases	(272,859)	134,997	-	(116,700)	-	(254,562)
	(623,397)	410,534	(150,000)	(116,700)	-	(479,563)

The notes on pages 17 to 31 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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 directors have considered a period of at least one year from the date these financial statements were approved and authorised in assessing the going concern status of the Company. They believe that the Company will have sufficient cash available to settle its liabilities and other obligations as they fall due for at least one year.

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.

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.

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 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.11 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.

2.12 Finance costs

Finance costs are charged to profit or loss 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.

2.13 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.

2. Accounting policies (continued)

2.14 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 profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.15 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 profit or loss 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.

2.16 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 profit or loss 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.

2. **Accounting policies (continued)**

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4. Turnover

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

	2020	2019
	£	£
Sale of goods	**5,960,509**	6,660,012

Analysis of turnover by country of destination:

	2020	2019
	£	£
United Kingdom	**5,314,036**	5,953,715
Rest of Europe	**600,858**	678,872
Rest of the World	**45,615**	27,425
	5,960,509	6,660,012

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

5. Other operating income

	2020	2019
	£	£
Government grants receivable	**6,547**	-
Sundry income	**9**	44
	6,556	44

6. Auditor's remuneration

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £ *(2019 -)*.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

7. Employees

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

	2020	2019
	£	£
Wages and salaries	**1,216,343**	1,263,845
Social security costs	**89,212**	92,866
Cost of defined contribution pension scheme	**104,964**	106,114
	1,410,519	1,462,825

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

	2020	2019
	No.	No.
Management and administration	**21**	21
Direct	**46**	45
	67	66

8. Directors' remuneration

	2020	2019
	£	£
Directors' emoluments	**79,414**	76,764
Company contributions to defined contribution pension schemes	**82,000**	82,000
	161,414	158,764

During the year retirement benefits were accruing to 4 directors (2019 - 4) in respect of defined contribution pension schemes.

9. Interest receivable

	2020	2019
	£	£
Bank interest receivable	**403**	1,115

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

10. Interest payable and similar expenses

	2020	2019
	£	£
Bank interest payable	**27,291**	36,525
Hire purchase contracts	**12,609**	12,757
	39,900	49,282

11. Taxation

	2020	2019
	£	£
Corporation tax		
Current tax on profits for the year	**135,112**	129,046
	135,112	129,046
Deferred tax		
Origination and reversal of timing differences	**33,231**	32,498
Taxation on profit on ordinary activities	**168,343**	161,544

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	**964,077**	848,281
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	**183,175**	161,173
Effects of:		
Expenses not deductible for tax purposes	**2,250**	2,385
Capital allowances for year in excess of depreciation	**5,434**	6,498
Other timing differences	**-**	11,811
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	**(22,516)**	(20,323)
Total tax charge for the year	**168,343**	161,544

Factors that may affect future tax charges

It was announced in the March 2021 budget that the main rate of corporation tax will increase from 19% to 25% for financial years from 2023.

12. Dividends

	2020 £	2019 £
Dividends paid	**434,000**	406,000

13. Tangible fixed assets

	Freehold property	Plant and machinery	Fixtures and fittings	Total
	£	£	£	£
Cost or valuation				
At 1 January 2020	**1,810,516**	**2,264,991**	**391,460**	**4,466,967**
Additions	**8,220**	**353,894**	**18,446**	**380,560**
Disposals	**-**	**(273,084)**	**(37,341)**	**(310,425)**
At 31 December 2020	**1,818,736**	**2,345,801**	**372,565**	**4,537,102**
Depreciation				
At 1 January 2020	**185,338**	**1,580,218**	**294,019**	**2,059,575**
Charge for the year	**36,240**	**163,758**	**26,136**	**226,134**
Disposals	**-**	**(255,834)**	**(33,836)**	**(289,670)**
At 31 December 2020	**221,578**	**1,488,142**	**286,319**	**1,996,039**
Net book value				
At 31 December 2020	**1,597,158**	**857,659**	**86,246**	**2,541,063**
At 31 December 2019	1,625,178	684,773	97,441	2,407,392

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

	2020	2019
	£	£
Plant and machinery	**388,007**	351,289

14. Stocks

	2020	2019
	£	£
Raw materials and consumables	**252,593**	228,541
Work in progress	**14,899**	22,879
Finished goods and goods for resale	**235,342**	249,234
	502,834	500,654

The carrying value of stocks are stated net of provisions totalling £330,300 (2019 - £352,172). Cost of sales includes a credit of £21,872 (2019 - debit of £60,868), being the decrease in the closing stock provisions.

15. Debtors

	2020	2019
	£	£
Trade debtors	**897,294**	866,500
Amounts owed by group undertakings	**1,041,768**	1,041,768
Prepayments and accrued income	**57,483**	58,128
	1,996,545	1,966,396

16. Cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	**808,999**	601,462

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

17. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Bank loans	**75,500**	68,000
Trade creditors	**560,659**	723,580
Amounts owed to group undertakings	**54,246**	54,246
Corporation tax	**135,112**	129,046
Other taxation and social security	**228,417**	148,548
Obligations under finance lease and hire purchase contracts	**112,103**	126,345
Other creditors	**54,203**	49,211
Accruals and deferred income	**56,070**	69,207
	1,276,310	1,368,183

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

	2020	2019
	£	£
Bank loans	**958,500**	884,000
Net obligations under finance leases and hire purchase contracts	**142,459**	146,514
	1,100,959	1,030,514

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.

19. Loans

Analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year		
Bank loans	**75,500**	68,000
Amounts falling due 1-2 years		
Bank loans	**98,000**	68,000
Amounts falling due 2-5 years		
Bank loans	**838,000**	816,000
Amounts falling due after more than 5 years		
Bank loans	**22,500**	-
	1,034,000	952,000

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

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020	2019
	£	£
Within one year	**119,316**	135,006
Between 1-5 years	**155,812**	163,828
	275,128	298,834

21. Deferred taxation

	2020	2019
	£	£
At beginning of year	**(134,148)**	(101,650)
Charged to profit or loss	**(33,231)**	(32,498)
At end of year	**(167,379)**	(134,148)

21. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2020	2019
	£	£
Accelerated capital allowances	(167,379)	(134,148)

22. Share capital

	2020	2019
	£	£
Issued, allotted, called up and fully paid		
1,000 (2019 - 1,000) Ordinary shares of £1.00 each	1,000	1,000

23. Reserves

Profit and loss account

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

24. 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 £104,964 (2019 - £106,114). Contributions totalling £3,527 (2019 - £2,903) were payable to the fund at the balance sheet date.

25. 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 (2019 - £54,246).

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

26. Post balance sheet events

Since the year end, a bank loan for £750,000 has been taken out with the CBILs loan of £150,000 being repaid. A dividend has been paid to the immediate parent of £868,320 to fund a purchase of shares from a retiring director/shareholder of the ultimate parent company.

Furthermore, a trade and assets acquisition is in the advanced stages of negotiation. Goodwill of £150,000 will be paid over 3 instalments in addition to the fair value of assets acquired.

27. Controlling party

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

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