

SKAR PRECISION MOULDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

SKAR PRECISION MOULDINGS LIMITED

COMPANY INFORMATION

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

SKAR PRECISION MOULDINGS LIMITED

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SKAR PRECISION MOULDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Business review

The directors present the Strategic Report for the year ended 31 December 2022. The Company continued to provide plastic injection moulding services during the year.

During the year a dividend has been paid to the immediate parent of £500,700.

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 £2,659,587 (2021: £2,124,905) and £3,471,232 (2021: £2,956,704) 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 including entering into fixed price contracts to mitigate price risks such as the cost of energy increase.

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 20.1% during the year. Cost of sales increased at a higher rate during the year, leading to a decrease in gross profit margin to 21.3% (2021: 25.6%). The profit before tax margin excluding the exceptional income of £140,242 (2021: £NIL) saw a decrease to 12.4% (2021: 16.3%) as a result of the decrease in gross profit margin.

SKAR PRECISION MOULDINGS LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

This report was approved by the board on 31 July 2023 and signed on its behalf.

K D Gant
Secretary

SKAR PRECISION MOULDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

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 £1,015,228 (2021 - £902,376).

Particulars of dividends can be found in note 13.

Directors

The directors who served during the year were:

K D Gant
P Denny
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 2022

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 and the Group'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 and the Group's auditor is aware of that information.

Post balance sheet events

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

Auditor

Our auditors Scrutton Bland LLP transferred their audit registration and therefore that part of their business to a newly incorporated limited liability partnership, SB Audit LLP, on 1 April 2023. Accordingly Scrutton Bland LLP formally resigned as the Company's auditor with the Directors duly appointing SB Audit LLP to fill the vacancy arising.

This report was approved by the board on 31 July 2023 and signed on its behalf.

K D Gant
Secretary

SKAR PRECISION MOULDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS 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 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, 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 2022 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.

SKAR PRECISION MOULDINGS LIMITED

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves.

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.

SKAR PRECISION MOULDINGS LIMITED

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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.

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 an 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..

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.

SKAR PRECISION MOULDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS 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

SB Audit LLP

Chartered Accountants

Statutory Auditor

Fitzroy House

Crown Street

Ipswich

Suffolk

IP1 3LG

1 August 2023

SKAR PRECISION MOULDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	4	8,621,241	7,180,618
Cost of sales		(6,788,552)	(5,339,545)
Gross profit		1,832,689	1,841,073
Distribution costs		(46,403)	(34,502)
Administrative expenses		(586,141)	(582,323)
Exceptional income	14	140,242	-
Other operating income	5	4,690	1,770
Operating profit	6	1,345,077	1,226,018
Interest receivable and similar income	10	1,444	48
Interest payable and similar expenses	11	(132,956)	(52,321)
Profit before tax		1,213,565	1,173,745
Tax on profit	12	(198,337)	(271,369)
Profit for the year		1,015,228	902,376

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 13 to 29 form part of these financial statements.

SKAR PRECISION MOULDINGS LIMITED

REGISTERED NUMBER:00949310

**BALANCE SHEET
AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	15	105,000	135,000
Tangible assets	16	4,423,259	4,384,848
		<u>4,528,259</u>	<u>4,519,848</u>
Current assets			
Stocks	17	872,993	681,034
Debtors: amounts falling due within one year	18	2,671,543	2,328,144
Cash at bank and in hand	19	779,011	587,025
		<u>4,323,547</u>	<u>3,596,203</u>
Creditors: amounts falling due within one year	20	(1,663,960)	(1,471,298)
Net current assets		<u>2,659,587</u>	<u>2,124,905</u>
Total assets less current liabilities		<u>7,187,846</u>	<u>6,644,753</u>
Creditors: amounts falling due after more than one year	21	(3,445,211)	(3,393,699)
Provisions for liabilities			
Deferred tax		(271,403)	(294,350)
Net assets		<u><u>3,471,232</u></u>	<u><u>2,956,704</u></u>
Capital and reserves			
Called up share capital	25	1,000	1,000
Profit and loss account	26	3,470,232	2,955,704
		<u><u>3,471,232</u></u>	<u><u>2,956,704</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 July 2023.

K D Gant

Director

The notes on pages 13 to 29 form part of these financial statements.

SKAR PRECISION MOULDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2021	1,000	3,303,793	3,304,793
Comprehensive income for the year			
Profit for the year	-	902,376	902,376
Contributions by and distributions to owners			
Dividends	-	(1,250,465)	(1,250,465)
At 1 January 2022	1,000	2,955,704	2,956,704
Comprehensive income for the year			
Profit for the year	-	1,015,228	1,015,228
Contributions by and distributions to owners			
Dividends	-	(500,700)	(500,700)
At 31 December 2021	1,000	3,470,232	3,471,232

The notes on pages 13 to 29 form part of these financial statements.

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Skar Precision Mouldings Limited (the "Company") is a private 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 unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Aspire Plastics Limited as at 31 December 2022 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

2.3 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.

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Turnover

Revenue 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. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.6 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.

2.7 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.

2.8 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.

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.9 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.

2.10 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.11 Intangible fixed assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

Goodwill is amortised over a 5 year straight line period.

2.12 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.

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.12 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.

Depreciation is provided on the following basis:

Buildings	- 2% straight line
Plant and machinery	- 20 to 25% reducing balance
Fixtures, fittings, and equipment	- 25% reducing balance
Tooling	- 20% straight line

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 profit or loss.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.17 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.

2.18 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.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

2.19 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 2022

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.

4. Turnover

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

	2022 £	2021 £
Sales of goods	<u>8,621,241</u>	<u>7,180,618</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	7,790,134	6,403,561
Rest of Europe	712,988	687,856
Rest of the world	118,119	89,201
	<u>8,621,241</u>	<u>7,180,618</u>

5. Other operating income

	2022 £	2021 £
Sundry income	<u>4,690</u>	<u>1,770</u>

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Exchange differences	(17,874)	24,107
Depreciation	289,688	263,898
Amortisation	<u>30,000</u>	<u>15,000</u>

7. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor:

	2022 £	2021 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	5,890	5,450

8. Employees

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

	2022 £	2021 £
Wages and salaries	1,594,456	1,400,622
Social security costs	133,749	103,433
Cost of defined contribution pension scheme	134,860	129,433
	<u>1,863,065</u>	<u>1,633,488</u>

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

	2022 No.	2021 No.
Management and administration	22	22
Direct	53	49
	<u>75</u>	<u>71</u>

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	40,217	43,344
Company contributions to defined contribution pension schemes	102,000	100,500
	<u>142,217</u>	<u>143,844</u>

During the year retirement benefits were accruing to 3 directors (2021 - 4) in respect of defined contribution pension schemes.

10. Interest receivable

	2022 £	2021 £
Other interest receivable	<u>1,444</u>	<u>48</u>

11. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	122,366	40,253
Finance leases and hire purchase contracts	10,590	12,068
	<u>132,956</u>	<u>52,321</u>

12. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	<u>221,284</u>	<u>144,398</u>
Deferred tax		
Origination and reversal of timing differences	<u>(22,947)</u>	<u>126,971</u>
Taxation on profit on ordinary activities	<u>198,337</u>	<u>271,369</u>

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>1,213,565</u>	<u>1,173,745</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	230,577	223,012
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	5,700	2,850
Expenses not deductible for tax purposes	638	4,619
Capital allowances for year in excess of depreciation	11,477	5,571
Non-taxable income	(891)	-
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(36,062)	(22,365)
Change in rate of tax	(13,102)	57,682
Total tax charge for the year	<u>198,337</u>	<u>271,369</u>

Factors that may affect future tax charges

The Finance Act 2021 announced an increase of the main rate of UK corporation tax rate from 19% to 25% from 1 April 2023. This was enacted in June 2021. Accordingly, deferred tax assets and liabilities are stated at 25%.

13. Dividends

	2022 £	2021 £
Dividends paid	<u>500,700</u>	<u>1,250,465</u>

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

14. Exceptional income

	2022	2021
	£	£
Insurance claim receivable	<u>140,242</u>	<u>-</u>

The exceptional income represents insurance proceeds which are receivable in respect of a key management insurance claim.

15. Intangible assets

	Goodwill
	£
Cost	
At 1 January 2022	150,000
At 31 December 2022	150,000
Amortisation	
At 1 January 2022	15,000
Charge for the year on owned assets	30,000
At 31 December 2022	45,000
Net book value	
At 31 December 2022	<u>105,000</u>
At 31 December 2021	<u>135,000</u>

Amortisation is shown within administrative expenses in the Statement of Comprehensive Income.

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

16. Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Fixtures, fittings and equip £	Tooling £	Total £
Cost or valuation					
At 1 January 2022	3,549,011	2,560,607	376,258	26,200	6,512,076
Additions	202,925	82,241	51,005	-	336,171
Disposals	-	(24,325)	-	-	(24,325)
At 31 December 2022	<u>3,751,936</u>	<u>2,618,523</u>	<u>427,263</u>	<u>26,200</u>	<u>6,823,922</u>
Depreciation					
At 1 January 2022	255,475	1,560,705	308,428	2,620	2,127,228
Charge for the year on owned assets	56,758	207,663	20,027	5,240	289,688
Disposals	-	(16,253)	-	-	(16,253)
At 31 December 2022	<u>312,233</u>	<u>1,752,115</u>	<u>328,455</u>	<u>7,860</u>	<u>2,400,663</u>
Net book value					
At 31 December 2022	<u>3,439,703</u>	<u>866,408</u>	<u>98,808</u>	<u>18,340</u>	<u>4,423,259</u>
At 31 December 2021	<u>3,293,536</u>	<u>999,902</u>	<u>67,830</u>	<u>23,580</u>	<u>4,384,848</u>

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

	2022 £	2021 £
Plant and machinery	<u>450,123</u>	<u>476,771</u>

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

17. Stocks

	2022 £	2021 £
Raw materials and consumables	447,985	324,474
Work in progress	17,617	13,455
Finished goods and goods for resale	407,391	343,105
	<u>872,993</u>	<u>681,034</u>

The carrying value of stocks are stated net of provisions totalling £509,187 (2021 - £394,051). Cost of sales includes a debit of £115,136 (2021: debit of £63,751) being the increase in the closing stock provisions.

18. Debtors

	2022 £	2021 £
Trade debtors	1,407,260	1,200,260
Amounts owed by group undertakings	1,041,768	1,041,768
Prepayments and accrued income	222,515	86,116
	<u>2,671,543</u>	<u>2,328,144</u>

19. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	<u>779,011</u>	<u>587,025</u>

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

20. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank loans	134,399	135,559
Trade creditors	869,299	779,245
Amounts owed to group undertakings	54,246	54,246
Corporation tax	221,284	144,398
Other taxation and social security	152,125	121,812
Obligations under finance lease and hire purchase contracts	90,936	103,864
Other creditors	68,632	58,007
Accruals and deferred income	73,039	74,167
	<u>1,663,960</u>	<u>1,471,298</u>

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

	2022 £	2021 £
Bank loans	3,061,774	2,978,441
Net obligations under finance leases and hire purchase contracts	172,237	199,658
Accruals and deferred income	211,200	215,600
	<u>3,445,211</u>	<u>3,393,699</u>

The bank loans are secured by fixed charges over the Company's freehold property, a debenture over all of the Company's assets and a specific chattels mortgage over four items of plant and machinery.

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 2022

22. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year		
Bank loans	134,399	135,559
Amounts falling due 1-2 years		
Bank loans	138,149	135,182
Amounts falling due 2-5 years		
Bank loans	357,931	360,089
Amounts falling due after more than 5 years		
Bank loans	2,565,694	2,483,170
	<u>3,196,173</u>	<u>3,114,000</u>

23. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Within one year	100,656	113,713
Between 1-5 years	189,166	216,600
	<u>289,822</u>	<u>330,313</u>

24. Deferred taxation

	2022 £	2021 £
At beginning of year	(294,350)	(167,379)
Charged to profit or loss	22,947	(126,971)
At end of year	<u>(271,403)</u>	<u>(294,350)</u>

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

24. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	<u>(271,403)</u>	<u>(294,350)</u>

25. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
1,000 Ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

26. Reserves

Profit and loss account

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

27. Capital commitments

At 31 December 2022 the Company had capital commitments as follows:

	2022 £	2021 £
Contracted for but not provided in these financial statements	<u>100,707</u>	<u>37,095</u>

28. 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 £134,860 (2021 - £129,433). Contributions totalling £3,760 (2021 - £3,298) were payable to the fund at the balance sheet date.

SKAR PRECISION MOULDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

29. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	17,995	2,865
Later than 1 year and not later than 5 years	28,859	946
	<u>46,854</u>	<u>3,811</u>

30. 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.

31. Controlling party

The ultimate parent company is Aspire Plastics Limited. The immediate controlling party is Ettle Limited. The ultimate parent company is under ultimate control of its Directors, by virtue of their 100% combined shareholding.

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