

**The Phoenix Engineering Company Limited  
Filleled Annual Report and Unaudited Financial Statements  
for the Year Ended 30 September 2017**

# THE PHOENIX ENGINEERING COMPANY LIMITED

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# THE PHOENIX ENGINEERING COMPANY LIMITED

(Registration number: 00086564)

Balance Sheet as at 30 September 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	<u>4</u>	34,873	51,674
<b>Current assets</b>			
Stocks	<u>5</u>	1,022,442	1,160,467
Debtors	<u>6</u>	753,510	706,312
Cash at bank and in hand		4,988,268	4,352,312
		<u>6,764,220</u>	<u>6,219,091</u>
<b>Creditors:</b> Amounts falling due within one year	<u>7</u>	<u>(600,958)</u>	<u>(657,042)</u>
<b>Net current assets</b>		<u>6,163,262</u>	<u>5,562,049</u>
<b>Net assets</b>		<u>6,198,135</u>	<u>5,613,723</u>
<b>Capital and reserves</b>			
Called up share capital		9,452	9,452
Capital redemption reserve		548	548
Profit and loss reserve		<u>6,188,135</u>	<u>5,603,723</u>
Total equity		<u>6,198,135</u>	<u>5,613,723</u>

For the financial year ending 30 September 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared and delivered in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006. The option not to file the profit and loss account and directors' report has been taken.

Approved and authorised by the Board on 9 March 2018 and signed on its behalf by:

T J Jennings  
Company secretary and director

S C P Jennings  
Director

# **THE PHOENIX ENGINEERING COMPANY LIMITED**

## **Notes to the Financial Statements for the Year Ended 30 September 2017**

### **1 General information**

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Phoenix House  
Combe Street  
Chard  
Somerset  
TA20 1JE

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Statement of compliance**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. This is the first year in which the financial statements have been prepared under FRS102 Section 1A. The company transitioned as at 1 October 2015, and there have been no recognition or measurement changes as a result of the transition.

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are presented in Sterling (£).

#### **Turnover recognition**

Turnover comprises the invoiced value of sales to customers, exclusive of VAT.  
Revenue is recognised when machines or parts are delivered to customers.

#### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

## THE PHOENIX ENGINEERING COMPANY LIMITED

### Notes to the Financial Statements for the Year Ended 30 September 2017

#### Tax

The tax expense for the period comprises current tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

#### Tangible assets

Tangible assets are stated at cost, less accumulated depreciation and accumulated impairment losses. The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### Depreciation of tangible assets

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	3 to 7 years on a straight line basis
Motor vehicles	2 to 4 years on a straight line basis

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

#### Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are 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.

## **THE PHOENIX ENGINEERING COMPANY LIMITED**

### **Notes to the Financial Statements for the Year Ended 30 September 2017**

#### **Creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

#### **Defined benefit pension obligation**

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

### **3 Staff numbers**

The average number of persons employed by the company (including directors) during the year was 45 (2016 - 42).

# THE PHOENIX ENGINEERING COMPANY LIMITED

## Notes to the Financial Statements for the Year Ended 30 September 2017

### 4 Tangible assets

	Motor vehicles £	Plant and machinery £	Total £
<b>Cost or valuation</b>			
At 1 October 2016	114,186	569,292	683,478
Disposals	-	(36,295)	(36,295)
At 30 September 2017	114,186	532,997	647,183
<b>Depreciation</b>			
At 1 October 2016	69,056	562,748	631,804
Charge for the year	12,730	4,070	16,800
Eliminated on disposal	-	(36,294)	(36,294)
At 30 September 2017	81,786	530,524	612,310
<b>Carrying amount</b>			
At 30 September 2017	32,400	2,473	34,873
At 30 September 2016	45,130	6,544	51,674

### 5 Stocks

	2017 £	2016 £
Raw materials and consumables	832,942	923,467
Work in progress	96,500	144,000
Finished goods and goods for resale	93,000	93,000
	1,022,442	1,160,467

### 6 Debtors

	Note	2017 £	2016 £
Trade debtors		649,111	696,312
Amounts owed by group undertakings and undertakings in which the company has a participating interest		56,000	-
Other debtors		48,399	10,000
Total current trade and other debtors		753,510	706,312

# THE PHOENIX ENGINEERING COMPANY LIMITED

## Notes to the Financial Statements for the Year Ended 30 September 2017

### 7 Creditors

Creditors: amounts falling due within one year

	2017 £	2016 £
<b>Due within one year</b>		
Trade creditors	472,910	391,411
Taxation and social security	18,384	48,398
Corporation tax	76,322	174,984
Other creditors	33,342	42,249
	<u>600,958</u>	<u>657,042</u>

### 8 Reserves reconciliation

	<b>Capital redemption reserve £</b>
At 1 October 2016	<u>548</u>
At 30 September 2017	<u>548</u>
	<b>Capital redemption reserve £</b>
At 1 October 2015	<u>548</u>
<b>Movement in year :</b>	<u>          </u>
At 30 September 2016	<u>548</u>

## THE PHOENIX ENGINEERING COMPANY LIMITED

### Notes to the Financial Statements for the Year Ended 30 September 2017

#### 9 Pension and other schemes

##### Defined benefit pension schemes

##### Phoenix Engineering Pension and Life Assurance Scheme

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company by the scheme's trustees and by independent investment managers. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The date of the most recent comprehensive actuarial valuation, carried out by a qualified independent actuary, was 31 August 2014. This valuation has not been updated to reflect conditions at the balance sheet date. The most recent actuarial valuation showed that the market value of the scheme's assets was £3,704,000 and that the actuarial value of those assets represented 101% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the employees recommended by the actuarial valuation are 6% of earnings. The defined benefit scheme is now closed to new members so under the projected unit method the current service cost would be expected to increase over time as members of the scheme approach retirement.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £146,362 (2016 - £159,627).

The directors consider that the principal actuarial assumptions have not changed significantly, and the scheme is still likely to be in surplus. As such, they do not consider that the financial statements need to provide for any liability in relation to the scheme.

##### ***Reconciliation of scheme assets and liabilities to assets and liabilities recognised***

The amounts recognised in the statement of financial position are as follows:

	2017 £	2016 £
Fair value of scheme assets	3,704,000	3,704,000
Present value of defined benefit obligation	(3,657,000)	(3,657,000)
	47,000	47,000
Other amounts not recognised in the statement of financial position	(47,000)	(47,000)
Defined benefit pension scheme surplus/(deficit)	-	-

##### ***Defined benefit obligation***

Changes in the defined benefit obligation are as follows:

	2017 £
Present value at start of year	3,657,000
Present value at end of year	3,657,000



## THE PHOENIX ENGINEERING COMPANY LIMITED

### Notes to the Financial Statements for the Year Ended 30 September 2017

#### *Fair value of scheme assets*

Changes in the fair value of scheme assets are as follows:

	<b>2017</b> <b>£</b>
Fair value at start of year	3,704,000
Fair value at end of year	<u>3,704,000</u>

#### *Analysis of assets*

The major categories of scheme assets are as follows:

	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
Cash and cash equivalents	131,000	131,000
Investment funds	<u>3,573,000</u>	<u>3,573,000</u>
	<u>3,704,000</u>	<u>3,704,000</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

#### **10 Parent and ultimate parent undertaking**

The ultimate controlling party is Jennings Industries Limited, a company registered in England and Wales.

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