

Company registration number 01569481 (England and Wales)

Staffordshire Precision Engineering Limited

Unaudited financial statements

For the year ended 30 April 2022

Staffordshire Precision Engineering Limited

Contents

| | Page |
|-----------------------------------|-------------|
| Statement of financial position | 1 - 2 |
| Notes to the financial statements | 3 - 8 |

Staffordshire Precision Engineering Limited

Statement of financial position as at 30 April 2022

| | | 2022 | | 2021 | |
|--|-------|--------------------|------------------|--------------------|------------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 3 | | 1,637,324 | | 1,713,167 |
| Current assets | | | | | |
| Stocks | | 620,000 | | 500,000 | |
| Debtors | 4 | 2,262,094 | | 1,746,612 | |
| Cash at bank and in hand | | 97,686 | | 79,826 | |
| | | <u>2,979,780</u> | | <u>2,126,438</u> | |
| Creditors: amounts falling due within one year | 5 | <u>(2,775,216)</u> | | <u>(2,355,910)</u> | |
| Net current assets | | | 204,564 | | 70,528 |
| Total assets less current liabilities | | | <u>1,841,888</u> | | <u>1,783,695</u> |
| Creditors: amounts falling due after more than one year | 6 | | (974,268) | | (927,955) |
| Provisions for liabilities | | | <u>(145,600)</u> | | <u>(158,100)</u> |
| Net assets | | | <u>722,020</u> | | <u>697,640</u> |
| Capital and reserves | | | | | |
| Called up share capital | | | 40 | | 40 |
| Capital redemption reserve | | | 63 | | 63 |
| Profit and loss reserves | | | <u>721,917</u> | | <u>697,537</u> |
| Total equity | | | <u>722,020</u> | | <u>697,640</u> |

The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial year ended 30 April 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

Staffordshire Precision Engineering Limited

Statement of financial position (continued)

as at 30 April 2022

The financial statements were approved by the board of directors and authorised for issue on 26 January 2023 and are signed on its behalf by:

Mr P D Smith

Director

Company Registration No. 01569481

Staffordshire Precision Engineering Limited

Notes to the financial statements

For the year ended 30 April 2022

1 Accounting policies

Company information

Staffordshire Precision Engineering Limited is a private company limited by shares incorporated in England and Wales. The registered office is 14/15 Rosevale Road, Parkhouse Industrial Estate, Newcastle under Lyme, Staffordshire, England, ST5 7EF.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with entities within the group where the relationship is one of being wholly owned.

1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|-----------------------------|---|
| Freehold land and buildings | 2% on cost |
| Improvements to property | 2% on cost |
| Plant and equipment | 25% on reducing balance and 10% on cost |
| Fixtures and fittings | 20% on reducing balance |
| Motor vehicles | 25% on reducing balance |

Staffordshire Precision Engineering Limited

Notes to the financial statements (continued)

For the year ended 30 April 2022

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.4 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.5 Stocks

Stocks are stated at the lower of cost and net realisable value (estimated selling price less costs to complete and sell). Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Staffordshire Precision Engineering Limited

Notes to the financial statements (continued)

For the year ended 30 April 2022

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Staffordshire Precision Engineering Limited

Notes to the financial statements (continued)

For the year ended 30 April 2022

1 Accounting policies

(Continued)

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account on a straight-line basis.

1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.15 Research and development

Expenditure on research and development is written off in the year in which it is incurred.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| | 2022 Number | 2021 Number |
|-------|----------------|----------------|
| Total | 37 | 37 |

Staffordshire Precision Engineering Limited

Notes to the financial statements (continued)

For the year ended 30 April 2022

3 Tangible fixed assets

| | Freehold land and buildings | Improvements to property | Plant and equipment | Fixtures and fittings | Motor vehicles | Total |
|------------------------------------|--------------------------------|-----------------------------|------------------------|-----------------------|----------------|-----------|
| | £ | £ | £ | £ | £ | £ |
| Cost | | | | | | |
| At 1 May 2021 | 444,416 | 119,116 | 4,033,544 | 91,386 | 17,716 | 4,706,178 |
| Additions | - | - | 149,694 | 2,589 | 7,270 | 159,553 |
| At 30 April 2022 | 444,416 | 119,116 | 4,183,238 | 93,975 | 24,986 | 4,865,731 |
| Depreciation and impairment | | | | | | |
| At 1 May 2021 | 62,218 | 16,477 | 2,833,037 | 71,036 | 10,243 | 2,993,011 |
| Depreciation charged in the year | 8,889 | 2,384 | 216,267 | 4,399 | 3,457 | 235,396 |
| At 30 April 2022 | 71,107 | 18,861 | 3,049,304 | 75,435 | 13,700 | 3,228,407 |
| Carrying amount | | | | | | |
| At 30 April 2022 | 373,309 | 100,255 | 1,133,934 | 18,540 | 11,286 | 1,637,324 |
| At 30 April 2021 | 382,198 | 102,639 | 1,200,507 | 20,350 | 7,473 | 1,713,167 |

Fixed assets, included in the above, which are held under hire purchase contracts have the net book value of £861,033 (2021 - £904,034).

4 Debtors

| | 2022 | 2021 |
|---|-----------|-----------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 1,847,336 | 1,667,992 |
| Other debtors | 414,758 | 78,620 |
| | 2,262,094 | 1,746,612 |

5 Creditors: amounts falling due within one year

| | 2022 | 2021 |
|------------------------------------|-----------|-----------|
| | £ | £ |
| Bank loans | 32,820 | 25,488 |
| Trade creditors | 525,524 | 390,831 |
| Amounts owed to group undertakings | 306,499 | 136,499 |
| Taxation and social security | 420,317 | 639,823 |
| Other creditors | 1,390,056 | 1,163,269 |
| | 2,775,216 | 2,355,910 |

Staffordshire Precision Engineering Limited

Notes to the financial statements (continued)

For the year ended 30 April 2022

6 Creditors: amounts falling due after more than one year

| | 2022 | 2021 |
|-----------------|----------------|----------------|
| | £ | £ |
| Bank loans | 350,753 | 381,159 |
| Other creditors | 523,515 | 546,796 |
| | <u>974,268</u> | <u>927,955</u> |

Creditors which fall due after five years are as follows:

| | 2022 | 2021 |
|------------------------|----------------|----------------|
| | £ | £ |
| Payable by instalments | <u>213,947</u> | <u>239,234</u> |

7 Security

Included within other creditors are secured debts which are invoice discounting facilities, hire purchase contracts and bank loans.

The invoice discounting facilities of £939,478 (2021 - £592,071) are secured by way of A) a fixed and floating charge from Staffordshire Precision Engineering Limited, and B) a cross guarantee between Staffordshire Precision Engineering Limited and Staffordshire Precision Engineering Holdings Limited.

The bank loan of £334,406 (2021 - £356,647) is secured by way of legal charges over the company trading premises 14/15 Rosevale Road, Parkhouse Industrial Estate, Newcastle-under-Lyme, Staffordshire, ST5 7EF.

The hire purchase contracts of £658,138 (2021 - £635,260) are secured against the assets financed.

8 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

| 2022 | 2021 |
|---------------|---------------|
| £ | £ |
| <u>19,269</u> | <u>60,140</u> |

Total lease payments recognised as an expense during the period amounted to £52,583 (2021 - £62,426).

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