

REGISTERED NUMBER: 02000951 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2020
FOR
PRECISION ENGINEERING PLASTICS LTD**

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FOR THE YEAR ENDED 31ST DECEMBER 2020**

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PRECISION ENGINEERING PLASTICS LTD

**COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2020**

DIRECTORS:

Mr P Doheny
Mr V Marino

SECRETARY:

Mr P Doheny

REGISTERED OFFICE:

1063 Mollison Avenue
Enfield
Middlesex
EN3 7NJ

REGISTERED NUMBER:

02000951 (England and Wales)

AUDITORS:

Mountsides Limited
Chartered Accountants
& Statutory Auditors
2 Mountside
Stanmore
Middlesex
HA7 2DT

**STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2020**

The directors present their strategic report for the year ended 31st December 2020.

REVIEW OF BUSINESS

The directors consider that the key financial performance indicators (KPIs) are those that communicate the financial performance and strength of the company as a whole to its members. These KPIs comprise turnover, operating profit and shareholders' funds. The company is exempt from the requirement to disclose details of non-financial key performance indicators as it is a medium sized company.

CORONAVIRUS

In early 2020 the UK was hit by the full impact of the global Coronavirus Covid-19 pandemic, which in turn has had a severe effect on the entire UK economy. Full national lockdowns have been in place from March 2020 to June 2020, and subsequently in November 2020 and then from early January 2021 up to the date these financial statements are approved.

The company has strived to maintain revenues and profits throughout the pandemic by targeting medical markets, diversification and reducing costs. It benefitted from government and local authority support and, together with other resources available, has been able to continue to operate throughout the pandemic. It also incurred additional compliance costs to ensure all worksites and operations remained covid-secure.

Turnover decreased by 6.4% during the year and the effective use of available capacity towards servicing medical markets and government support have contributed to both an increase in gross margin and operating profit for the year. Shareholders' funds increased by 13.2% and at the year end net assets per ordinary share were £64.

PRINCIPAL RISKS AND UNCERTAINTIES

The company's financial risk management objectives consist of identifying and monitoring those risks which have an adverse impact on the value of the company's financial assets and liabilities or on reported profitability and on the cash flows of the company.

The company's principal financial instruments comprise cash balances, bank loans and various items such as trade debtors and trade creditors which arise directly from trading operations. The main purpose of these financial instruments is to provide finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks.

LIQUIDITY RISK

The company minimises its exposure to liquidity risk by managing cash generation by its operations with cash collection targets set. In this way the company ensures that sufficient funds are available for day to day operations and planned expansions. In addition the company has borrowing facilities available for drawdown when required.

INTEREST RISK

The company seeks to minimise its exposure to interest rate risk by borrowing, when required, through its facility and paying interest at the prescribed rate. The company regularly reviews its borrowing position and would arrange fixed interest borrowings when appropriate to minimise risk from fluctuating interest rates.

CREDIT RISK

The principal credit risk arises from trade debtors. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis, based on a combination of payment history and third party references.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2020**

FUTURE DEVELOPMENTS

The directors are satisfied with the results achieved during the year. Their plan for the future is to continue in their efforts to secure new orders, both in the United Kingdom and overseas, and to continue to invest in new plant and machinery. Brexit and Covid-19 have created significant uncertainties which are likely to dampen the company's future growth, but in the directors' opinion, the company is well positioned to meet these challenges.

ON BEHALF OF THE BOARD:

Mr P Doheny - Director

8th October 2021

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2020**

The directors present their report with the financial statements of the company for the year ended 31st December 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of manufacturers of precision plastic mouldings.

DIVIDENDS

The total distribution of dividends for the year ended 31st December 2020 will be £ 120,000 .

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st January 2020 to the date of this report.

Mr P Doheny
Mr V Marino

DISCLOSURE IN THE STRATEGIC REPORT

The company has set out the business review and the principal risks and uncertainties in the strategic report on page 2 of these financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgements 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 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.

The directors of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2020**

AUDITORS

The auditors, Mountsides Limited, are deemed to be reappointed under s487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:

Mr P Doheny - Director

8th October 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PRECISION ENGINEERING PLASTICS LTD

Opinion

We have audited the financial statements of Precision Engineering Plastics Ltd (the 'company') for the year ended 31st December 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, 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 31st 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 Auditors' 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 UK, including the FRC'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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 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.

Opinions 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PRECISION ENGINEERING PLASTICS LTD

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 Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PRECISION ENGINEERING PLASTICS LTD

Auditors' 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 a Report of the Auditors 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:

In performing an audit in accordance with International Standards on Auditing (UK), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the company's ability to continue as a going concern for a reasonable period of time.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements give a true and fair view.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 Report of the Auditors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PRECISION ENGINEERING PLASTICS LTD

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 a Report of the Auditors 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.

Christopher Andrews ACA (Senior Statutory Auditor)
for and on behalf of Mountsides Limited
Chartered Accountants
& Statutory Auditors
2 Mountside
Stanmore
Middlesex
HA7 2DT

11th October 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2020

	Notes	2020 £	2019 £
TURNOVER	4	6,392,131	6,827,176
Cost of sales		<u>(3,926,020)</u>	<u>(4,511,030)</u>
GROSS PROFIT		2,466,111	2,316,146
Administrative expenses		<u>(1,673,118)</u>	<u>(1,831,873)</u>
		792,993	484,273
Other operating income		<u>301,253</u>	<u>-</u>
OPERATING PROFIT and PROFIT BEFORE TAXATION		1,094,246	484,273
Tax on profit	7	<u>(208,010)</u>	<u>(92,331)</u>
PROFIT FOR THE FINANCIAL YEAR		886,236	391,942
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>886,236</u>	<u>391,942</u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31ST DECEMBER 2020

		2020	2019
	Notes	£	£
FIXED ASSETS			
Tangible assets	10	488,111	406,883
CURRENT ASSETS			
Stocks	11	490,243	508,458
Debtors	12	4,350,719	3,690,825
Cash at bank and in hand		2,511,400	2,210,239
		<u>7,352,362</u>	<u>6,409,522</u>
CREDITORS			
Amounts falling due within one year	13	<u>(1,189,343)</u>	<u>(943,010)</u>
NET CURRENT ASSETS		<u>6,163,019</u>	<u>5,466,512</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,651,130	5,873,395
CREDITORS			
Amounts falling due after more than one year	14	(11,421)	(22,842)
PROVISIONS FOR LIABILITIES	17	<u>(53,775)</u>	<u>(30,855)</u>
NET ASSETS		<u>6,585,934</u>	<u>5,819,698</u>
CAPITAL AND RESERVES			
Called up share capital	18	102,133	102,133
Share premium		13,867	13,867
Retained earnings		6,469,934	5,703,698
SHAREHOLDERS' FUNDS		<u>6,585,934</u>	<u>5,819,698</u>

The financial statements were approved by the Board of Directors and authorised for issue on 8th October 2021 and were signed on its behalf by:

Mr P Doheny - Director

Mr V Marino - Director

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

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1st January 2019	102,133	5,501,756	13,867	5,617,756
Changes in equity				
Dividends	-	(190,000)	-	(190,000)
Total comprehensive income	-	391,942	-	391,942
Balance at 31st December 2019	102,133	5,703,698	13,867	5,819,698
Changes in equity				
Dividends	-	(120,000)	-	(120,000)
Total comprehensive income	-	886,236	-	886,236
Balance at 31st December 2020	102,133	6,469,934	13,867	6,585,934

The notes form part of these financial statements

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

1. STATUTORY INFORMATION

Precision Engineering Plastics Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention.

FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

The company satisfies the criteria of being a qualifying entity as defined by the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Its financial statements are consolidated into the financial statements of its immediate and ultimate parent company, Precision Engineering Plastics (Holdings) Limited, a company registered in England and Wales. Copies of the financial statements of Precision Engineering Plastics (Holdings) Limited are publicly available from Companies House.

Advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- (a) the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)
- (b) the requirements of Section 7 Statement of Cash Flows
- (c) the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d)
- (d) the requirements of Section 33 Related Party Disclosures paragraph 33.7

SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make significant judgements, estimates and assumptions that affect the amounts reported. These estimates, judgements and assumptions are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The items in the financial statements where judgements, estimates and assumptions have been made include:

Debtors

Management applies judgements in evaluating the recoverability of debtors. To the extent that the directors believe debtors not to be recoverable, they have been provided for in the financial statements.

Stock

Management applies judgements in evaluating stock for obsolete and slow moving items. This judgement is based on management knowledge of the stock and customer demand, as well as stock age. At each balance sheet date, stocks are assessed for impairment and written down as appropriate.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2020

3. ACCOUNTING POLICIES - continued

TURNOVER

The turnover shown in the profit and loss account represents revenue recognised by the company in respect of goods and services supplied during the year. Turnover is measured at the fair value of the consideration received or receivable net of value added tax and trade discounts. The policies adopted for the recognition of turnover are as follows:

Sale of goods

Turnover from the sale of goods is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually on dispatch of the goods.

Rendering of services

When the outcome of a transaction can be estimated reliably, turnover from rendering of services is recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to actual time spent to the total budgeted time.

Where the outcome cannot be measured reliably, turnover is recognised only to the extent of the expenses recognised that are recoverable.

TANGIBLE FIXED ASSETS

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 20% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 25% on cost

GOVERNMENT GRANTS

Government grants are recognised at fair value when there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Grants related to purchase of assets are treated as deferred income and allocated to income statement over the useful lives of the related assets while grants related to expenses are treated as other income in the income statement.

STOCKS

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

FINANCIAL INSTRUMENTS

The company only enters into basic financial instruments that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to related parties.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment of assets are recognised in the profit and loss account in other administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2020

3. ACCOUNTING POLICIES - continued

TAXATION

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

DEFERRED TAX

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

RESEARCH AND DEVELOPMENT

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

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

HIRE PURCHASE AND LEASING COMMITMENTS

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 20204. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
United Kingdom	5,443,931	5,459,840
Europe	641,103	1,167,493
Rest of the World	307,097	199,843
	<u>6,392,131</u>	<u>6,827,176</u>

5. **EMPLOYEES AND DIRECTORS**

	2020	2019
	£	£
Wages and salaries	2,302,442	2,480,556
Social security costs	198,950	223,783
Other pension costs	279,479	323,478
	<u>2,780,871</u>	<u>3,027,817</u>

The average number of employees during the year was as follows:

	2020	2019
Administration and management	19	19
Production	73	78
	<u>92</u>	<u>97</u>

	2020	2019
	£	£
Directors' remuneration	60,620	61,334
Directors' pension contributions to money purchase schemes	<u>199,600</u>	<u>243,657</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2020	2019
Money purchase schemes	<u>2</u>	<u>2</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2020

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Depreciation - owned assets	177,621	190,198
Depreciation - assets on hire purchase contracts	17,141	1,428
Auditors' remuneration	5,000	5,000
Foreign exchange differences	(1,716)	(19,045)
Operating leases - land and buildings	360,000	360,000
Government Grants	<u>257,625</u>	<u>-</u>

7. TAXATION**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	185,090	101,831
Deferred tax	<u>22,920</u>	<u>(9,500)</u>
Tax on profit	<u>208,010</u>	<u>92,331</u>

RECONCILIATION OF TOTAL TAX CHARGE INCLUDED IN PROFIT AND LOSS

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020	2019
	£	£
Profit before tax	<u>1,094,246</u>	<u>484,273</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	207,907	92,012
Effects of:		
Expenses not deductible for tax purposes	<u>103</u>	<u>319</u>
Total tax charge	<u>208,010</u>	<u>92,331</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2020

8. DIVIDENDS

	2020 £	2019 £
Ordinary £1.00 shares of £1 each		
Interim dividend	117,493	186,031
Ordinary 10p shares of 10p each		
Interim dividend	2,507	3,969
	<u>120,000</u>	<u>190,000</u>

9. PENSION COSTS

The company operates a defined contribution pension scheme for some of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge in the profit and loss account represents contributions payable to the fund and amounted to £279,479 (2019: £323,478).

10. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1st January 2020	2,706,512	214,392	97,703	3,018,607
Additions	275,990	-	-	275,990
Disposals	(19,500)	-	-	(19,500)
At 31st December 2020	<u>2,963,002</u>	<u>214,392</u>	<u>97,703</u>	<u>3,275,097</u>
DEPRECIATION				
At 1st January 2020	2,410,070	171,086	30,568	2,611,724
Charge for year	163,899	13,722	17,141	194,762
Eliminated on disposal	(19,500)	-	-	(19,500)
At 31st December 2020	<u>2,554,469</u>	<u>184,808</u>	<u>47,709</u>	<u>2,786,986</u>
NET BOOK VALUE				
At 31st December 2020	<u>408,533</u>	<u>29,584</u>	<u>49,994</u>	<u>488,111</u>
At 31st December 2019	<u>296,442</u>	<u>43,306</u>	<u>67,135</u>	<u>406,883</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2020

10. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1st January 2020	
and 31st December 2020	<u>68,563</u>
DEPRECIATION	
At 1st January 2020	1,428
Charge for year	<u>17,141</u>
At 31st December 2020	<u>18,569</u>
NET BOOK VALUE	
At 31st December 2020	<u>49,994</u>
At 31st December 2019	<u>67,135</u>

11. STOCKS

	2020 £	2019 £
Raw materials and consumables	251,140	245,051
Finished goods	<u>239,103</u>	<u>263,407</u>
	<u>490,243</u>	<u>508,458</u>

12. DEBTORS

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	829,204	1,212,470
Amounts owed by group company	2,605,074	2,413,937
Other debtors	5	5
Prepayments	<u>55,186</u>	<u>64,413</u>
	<u>3,489,469</u>	<u>3,690,825</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2020

12. DEBTORS - continued

	2020 £	2019 £
Amounts falling due after more than one year:		
Directors' loan accounts	650,000	-
Corporation Tax recoverable	211,250	-
	<u>861,250</u>	<u>-</u>
Aggregate amounts	<u>4,350,719</u>	<u>3,690,825</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Hire purchase contracts (see note 15)	11,421	11,421
Trade creditors	436,047	424,881
Corporation Tax	396,396	101,886
Social security and other taxes	27,692	33,285
VAT	106,068	129,892
Other creditors	30,136	28,154
Accrued expenses	181,583	213,491
	<u>1,189,343</u>	<u>943,010</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £	2019 £
Hire purchase contracts (see note 15)	<u>11,421</u>	<u>22,842</u>

All liabilities under finance leases and hire purchase contracts are secured upon the assets to which the agreements relate.

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2020 £	2019 £
Net obligations repayable:		
Within one year	11,421	11,421
Between one and five years	<u>11,421</u>	<u>22,842</u>
	<u>22,842</u>	<u>34,263</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2020

15. LEASING AGREEMENTS - continued

	Non-cancellable operating leases	
	2020	2019
	£	£
Within one year	360,000	360,000
Between one and five years	1,440,000	1,440,000
In more than five years	1,710,000	2,070,000
	<u>3,510,000</u>	<u>3,870,000</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	2020	2019
	£	£
Hire purchase contracts	<u>22,842</u>	<u>34,263</u>

The company has bank facilities which are secured by way of a debenture over its book debts and assets, together with an unlimited guarantee given its parent company, Precision Engineering Plastics (Holdings) Limited.

Obligations under hire purchase contracts are secured on the respective assets.

17. PROVISIONS FOR LIABILITIES

	2020	2019
	£	£
Deferred tax	<u>53,775</u>	<u>30,855</u>
		Deferred tax
		£
Balance at 1st January 2020		30,855
Charge to Statement of Comprehensive Income during year		<u>22,920</u>
Balance at 31st December 2020		<u>53,775</u>

The deferred tax balance represents timing differences on capital allowances.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2020

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2020	2019
Number:	Class:		£	£
100,000	Ordinary £1.00	£1	100,000	100,000
21,330	Ordinary 10p	10p	2,133	2,133
			<u>102,133</u>	<u>102,133</u>

The rights attaching to the two classes of shares shall be as follows:

(1) The holders of £1 shares shall be entitled to one vote for every share held but the holders of the 10p shares shall be entitled to one vote for every 10 shares held.

(2) On a declaration of dividend or return of capital, the amount paid or payable to the shareholders of the Company or the entitlement to capital shall be divided in such a manner that the holder of each £1 share is entitled to 10 times the amount per share compared to the holder of each 10p share.

19. ULTIMATE PARENT COMPANY

The immediate and ultimate parent undertaking is Precision Engineering Plastics (Holdings) Limited, a company registered in England and Wales.

The largest and smallest group of which the company is a member and for which consolidated financial statements are drawn up is headed by Precision Engineering Plastics (Holdings) Limited. Copies of these financial statements are publicly available from Companies House.

20. RELATED PARTY DISCLOSURES

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 wholly owned subsidiaries of the group.

During the year, the company made a loan of £650,000 to a director, which remains unpaid at the balance sheet date. The loan is interest free and has no fixed repayment date.

Subsequent to the year end, the company made a loan to a director of £750,000, as disclosed in the Post Balance Sheet Events note. The loan is interest free and has no fixed repayment date.

21. POST BALANCE SHEET EVENTS

Subsequent to the year end, the company made a loan to a director of £750,000. The loan is interest free and has no fixed repayment date.

22. ULTIMATE CONTROLLING PARTY

The ultimate controlling parties are the directors, Mr P Doheny and Mr V Marino, who hold the entire issued share capital of the parent company, Precision Engineering Plastics (Holdings) Limited.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2020**

23. EVENTS AFTER THE END OF THE REPORTING PERIOD

In early 2020 the UK was hit by the full impact of the global Coronavirus Covid-19 pandemic, which in turn has had a severe effect on the entire UK and global economy. Up to the date of approval of these financial statements the pandemic remains prevalent throughout the UK and many of the other pan-European and global markets in which the company operates.

The directors have reviewed the liquidity position of the company and they believe it is suitably equipped to continue to operate throughout the ongoing pandemic.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.