

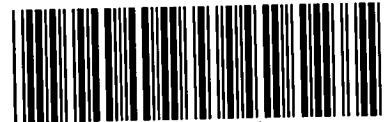
Clifton Engineering (North East) Limited
Financial Statements

For the year ended

31 May 2016

Pages for filing with the Registrar

WEDNESDAY



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17/05/2017
COMPANIES HOUSE

MITCHELLS LIMITED
Chartered accountant & statutory auditor
Swallow House
Parsons Road
Washington
Tyne & Wear
NE37 1EZ

Clifton Engineering (North East) Limited

Financial Statements

Year ended 31 May 2016

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Clifton Engineering (North East) Limited

Officers and Professional Advisers

The board of directors

Mr A R Pearson
Mr D W Simm

Company secretary

Mrs D K Pearson

Registered office

Coopies Haugh
Coopies Lane Industrial Estate
Morpeth
Northumberland
NE61 6JN

Accountants

Debere Limited
Accountants and Tax Advisors
Swallow House
Parsons Road
Washington
Tyne and Wear
NE37 1EZ

Auditor

Mitchells Limited
Chartered accountant & statutory auditor
Swallow House
Parsons Road
Washington
Tyne & Wear
NE37 1EZ

Bankers

Bank of Scotland
8 Lochside Avenue
Edinburgh
EH12 9DJ

Clifton Engineering (North East) Limited

Statement of Financial Position

31 May 2016

		2016		2015 (restated)
	Note	£	£	£
Fixed assets				
Tangible assets	7		1,075,400	1,658,490
Current assets				
Stocks	8	195,429		188,011
Debtors	9	763,493		916,869
Cash at bank and in hand		2,007,522		1,597,180
		<u>2,966,444</u>		<u>2,702,060</u>
Creditors: amounts falling due within one year	10	<u>(690,438)</u>		<u>(790,816)</u>
Net current assets			<u>2,276,006</u>	<u>1,911,244</u>
Total assets less current liabilities			<u>3,351,406</u>	<u>3,569,734</u>
Creditors: amounts falling due after more than one year	11		(847)	(10,742)
Provisions				
Taxation including deferred tax			<u>(96,520)</u>	<u>(105,787)</u>
Net assets			<u>3,254,039</u>	<u>3,453,205</u>
Capital and reserves				
Called up share capital			29,900	29,900
Profit and loss account			<u>3,224,139</u>	<u>3,423,305</u>
Members funds			<u>3,254,039</u>	<u>3,453,205</u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the income statement has not been delivered.

The statement of financial position
continues on the following page.

The notes on pages 5 to 13 form part of these financial statements.

Clifton Engineering (North East) Limited

Statement of Financial Position *(continued)*

31 May 2016

These financial statements were approved by the board of directors and authorised for issue on 15 May 2017, and are signed on behalf of the board by:

A.1 ✓

Mr A R Pearson
Director

Company registration number: 02809704

The notes on pages 5 to 13 form part of these financial statements.

Clifton Engineering (North East) Limited

Statement of Changes in Equity

Year ended 31 May 2016

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 June 2014	29,900	–	3,400,033	3,429,933
Profit for the year	–	–	872,131	872,131
Total comprehensive income for the year	–	–	872,131	872,131
Dividends paid and payable	–	–	(848,859)	(848,859)
Total investments by and distributions to owners	–	–	(848,859)	(848,859)
At 31 May 2015	29,900	–	3,423,305	3,453,205
Profit for the year	–	–	411,732	411,732
Other comprehensive income for the year:				
Revaluation of tangible assets	–	(301,898)	–	(301,898)
Reclassification from revaluation reserve to profit and loss account	–	301,898	(301,898)	–
Total comprehensive income for the year	–	–	109,834	109,834
Dividends paid and payable	–	–	(309,000)	(309,000)
Total investments by and distributions to owners	–	–	(309,000)	(309,000)
At 31 May 2016	<u>29,900</u>	<u>–</u>	<u>3,224,139</u>	<u>3,254,039</u>

The notes on pages 5 to 13 form part of these financial statements.

Clifton Engineering (North East) Limited

Notes to the Financial Statements

Year ended 31 May 2016

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Coopies Haugh, Coopies Lane Industrial Estate, Morpeth, Northumberland, NE61 6JN.

2. Statement of compliance

The individual financial statements of Clifton Engineering (North East) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

General Information

Clifton Engineering (North East) Limited is a precision engineering and manufactures of polyurethane products.

The company is a private company limited by shares and is incorporated and domiciled in England.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

Revenue grants

Revenue based grants received are credited to the profit and loss account when receivable.

Going concern

The company meets its day-today working capital requirements through its bank facilities. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Investments

Investments are stated at cost.

Dividends are brought into the profit and loss account when receivable.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 June 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 18.

Clifton Engineering (North East) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 May 2016

3. Accounting policies *(continued)*

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Clifton Holdings (North East) Limited which can be obtained from Companies House. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

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

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Tangible assets

All fixed assets are initially recorded at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition.

Clifton Engineering (North East) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 May 2016

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	- 10% reducing balance
Fixtures and fittings	- 25% reducing balance
Motor vehicles	- 25% reducing balance

Depreciation is not charged on the freehold properties. In accordance with current practice an impairment review is performed on the properties. The result of this review showed that the recoverable amount is in excess of the carrying amount.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Clifton Engineering (North East) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 May 2016

3. Accounting policies *(continued)*

Government grants *(continued)*

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Auditor's remuneration

	2016	2015 <i>(restated)</i>
	£	£
Fees payable for the audit of the financial statements	<u>6,000</u>	<u>6,000</u>

5. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to 35 (2015: 36).

Clifton Engineering (North East) Limited

Notes to the Financial Statements (continued)

Year ended 31 May 2016

6. Profit before taxation

Profit before taxation is stated after charging:

	2016	2015 (restated)
	£	£
Depreciation of tangible assets	47,280	39,090

7. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 June 2015 (as restated)	1,001,742	1,629,642	37,575	29,344	2,698,303
Additions	—	36,624	241	17,000	53,865
Disposals	(284,845)	(1,254)	(7,878)	(11,844)	(305,821)
At 31 May 2016	<u>716,897</u>	<u>1,665,012</u>	<u>29,938</u>	<u>34,500</u>	<u>2,446,347</u>
Depreciation					
At 1 June 2015	—	1,006,253	19,449	14,111	1,039,813
Charge for the year	—	37,523	4,532	5,225	47,280
Disposals	—	(953)	(6,828)	(10,263)	(18,044)
Impairment losses	301,898	—	—	—	301,898
At 31 May 2016	<u>301,898</u>	<u>1,042,823</u>	<u>17,153</u>	<u>9,073</u>	<u>1,370,947</u>
Carrying amount					
At 31 May 2016	<u>414,999</u>	<u>622,189</u>	<u>12,785</u>	<u>25,427</u>	<u>1,075,400</u>
At 31 May 2015	<u>1,001,742</u>	<u>623,389</u>	<u>18,126</u>	<u>15,233</u>	<u>1,658,490</u>

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery £
At 31 May 2016	<u>115,531</u>
At 31 May 2015	<u>120,812</u>

8. Stocks

	2016	2015 (restated)
	£	£
Raw materials and consumables	120,301	94,045
Work in progress	75,128	93,966
	<u>195,429</u>	<u>188,011</u>

Clifton Engineering (North East) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 May 2016

9. Debtors

	2016	2015 <i>(restated)</i>
	£	£
Trade debtors	711,041	882,021
Amounts owed by group undertakings and undertakings in which the company has a participating interest	9,169	2,482
Other debtors	43,283	32,366
	<u>763,493</u>	<u>916,869</u>

The debtors above include the following amounts falling due after more than one year:

	2016	2015 <i>(restated)</i>
	£	£
Other debtors	<u>—</u>	<u>535</u>

Short term debtors are measured at transaction price, less any impairment.

10. Creditors: amounts falling due within one year

	2016	2015 <i>(restated)</i>
	£	£
Trade creditors	223,717	349,372
Amounts owed to group undertakings and undertakings in which the company has a participating interest	297,980	229,600
Corporation tax	7,458	—
Social security and other taxes	55,380	97,247
Other creditors	105,903	114,597
	<u>690,438</u>	<u>790,816</u>

Short term trade creditors are measured at the transaction price.

Included within other creditors is an amount of £9,841 (2015: £10,658) which is secured on the tangible assets.

11. Creditors: amounts falling due after more than one year

	2016	2015 <i>(restated)</i>
	£	£
Other creditors	<u>847</u>	<u>10,742</u>

Included within other creditors is an amount of £847 (2015: £10,742) which is secured on the tangible assets.

Clifton Engineering (North East) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 May 2016

12. Prior period errors

The comparative figures have been amended for the omission of the disposal of one of the company's properties to the company's parent company, Clifton Holdings (North East) Limited. This was disposed of via a dividend in specie amounting to the same value as the property's net book value of £216,271. Hence there was no impact on the company's retained profit in the previous year.

13. Post balance sheet event

After the year end one of the properties was sold for £415,000. The property has been written down to this value in these financial statements.

14. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015 (restated)
	£	£
Later than 1 year and not later than 5 years	<u>15,002</u>	<u>14,737</u>

15. Summary audit opinion

The auditor's report for the year dated 15 May 2017 was unqualified.

The senior statutory auditor was J Cheesman FCA, for and on behalf of Mitchells Limited.

16. Related party transactions

The company is related to Precision 2000 Limited by virtue of this company being a fellow subsidiary of Clifton Holdings (North East) Limited.

During the year, the company made sales amounting to £11,737 (2015 - £344) to Precision 2000 Limited and purchases amounting to £12,967 (2015 - £54) from Precision 2000 Limited. These transactions were undertaken in the normal course of business.

During the year the company paid expenses amounting to £339,906 (2015 - £154,319) on behalf of Precision 2000 Limited. These expenses were recharged to Precision 2000 Limited.

At 31 May 2016 an amount of £84,381 (2015 - £109,600) was owed to Precision 2000 Limited. At 31 May 2016 an amount of £9,169 (2015 - £2,482) was owed from Precision 2000 Limited.

During the year the company paid a management charge amounting to £120,000 (2015 - £120,000) to Clifton Holdings (North East) Limited. At 31 May 2016 an amount of £93,599 (2015 - £120,000) was owed to Clifton Holdings (North East) Limited.

During the year the company paid rent of £36,000 (2015 - £36,000) to Clifton Engineering (NE) Limited SSAS.

During the year one of the properties was sold to Clifton Holdings (North East) Limited at its market value. The transaction was undertaken as a dividend in specie.

All balances between related parties are repayable on demand.

Clifton Engineering (North East) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 May 2016

17. Controlling party

The company's ultimate parent company is Clifton Holdings (North East) Limited, a company incorporated in England and Wales.

18. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 June 2014.

Reconciliation of equity

	1 June 2014			31 May 2015		
	As previously stated £	Effect of transition £	FRS 102 (as restated) £	As previously stated £	Effect of transition £	FRS 102 (as restated) £
Fixed assets	1,726,434	–	1,726,434	1,658,490	–	1,658,490
Current assets	2,461,123	–	2,461,123	2,702,060	–	2,702,060
Creditors: amounts falling due within one year	(676,433)	–	(676,433)	(769,327)	(21,489)	(790,816)
Net current assets	1,784,690	–	1,784,690	1,932,733	(21,489)	1,911,244
Total assets less current liabilities	3,511,124	–	3,511,124	3,591,223	(21,489)	3,569,734
Creditors: amounts falling due after more than one year	(21,400)	–	(21,400)	(10,742)	–	(10,742)
Provisions	(59,791)	–	(59,791)	(101,489)	(4,298)	(105,787)
Net assets	3,429,933	–	3,429,933	3,478,992	(25,787)	3,453,205
Capital and reserves	3,429,933	–	3,429,933	3,478,992	(25,787)	3,453,205

Clifton Engineering (North East) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 May 2016

18. Transition to FRS 102 *(continued)*

Reconciliation of profit or loss for the year

	Year ended 31 May 2015		
	As previously stated £	Effect of transition £	FRS 102 (as restated) £
Turnover	3,674,967	–	3,674,967
Cost of sales	(2,153,087)	(13,502)	(2,166,589)
Gross profit	1,521,880	(13,502)	1,508,378
Administrative expenses	(733,961)	(7,987)	(741,948)
Other operating income	37,284	–	37,284
Operating profit	825,203	(21,489)	803,714
Income from shares in group undertakings	236,371	–	236,371
Other interest receivable and similar income	14,792	–	14,792
Interest payable and similar expenses	(1,750)	–	(1,750)
Tax on profit	(176,698)	(4,298)	(180,996)
Profit for the financial year	897,918	(25,787)	872,131

FRS 102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received. This has resulted in the Company recognising a liability for holiday pay of £21,489 on transition to FRS 102. Previously holiday pay accruals were not recognised and were charged to the profit and loss account as they were paid.

19. Ultimate controlling parties

The company was under the joint control of Mr A R Pearson and Mr R P Pearson throughout the current period and previous years. Mr A R Pearson and Mr R P Pearson are shareholders of the company's ultimate parent company, Clifton Holdings (North East) Limited.