

# **Tharsus Engineering Limited**

**Financial statements - filing copy**

**30 November 2016**

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# Tharsus Engineering Limited

## Company information

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<b>Directors</b>	B A Palmer R W Palmer P A Sayer K P Brien (appointed 25 April 2016) M Such (appointed 1 February 2017)
<b>Company secretary</b>	B A Palmer
<b>Registered number</b>	03422948
<b>Registered office</b>	Birmayne House Cowley Road Blyth Riverside Business Park Blyth Northumberland NE24 5TF
<b>Independent auditor</b>	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
<b>Bankers</b>	National Westminster Bank plc 16 Northumberland Street Newcastle upon Tyne NE1 7EL
<b>Solicitors</b>	Square One Law LLP Anson House The Fleming Business Centre Burdon Terrace Newcastle upon Tyne NE2 3AE

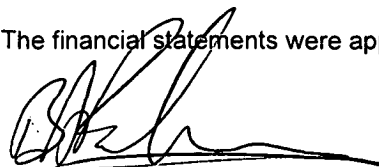
# Tharsus Engineering Limited

## Balance sheet At 30 November 2016

	Note	2016 £	2015 (restated) £
<b>Fixed assets</b>			
Intangible assets	5	58,613	138,510
Tangible assets	6	2,279,868	2,416,570
		<u>2,338,481</u>	<u>2,555,080</u>
<b>Current assets</b>			
Stocks	7	579,089	328,220
Debtors	8	1,686,873	1,081,484
Cash at bank and in hand		150	203
		<u>2,266,112</u>	<u>1,409,907</u>
Creditors: amounts falling due within one year	9	(2,128,803)	(1,759,140)
<b>Net current assets/(liabilities)</b>		<u>137,309</u>	<u>(349,233)</u>
<b>Total assets less current liabilities</b>		<u>2,475,790</u>	<u>2,205,847</u>
Creditors: amounts falling due after more than one year	10	(1,120,296)	(1,112,828)
<b>Provisions for liabilities</b>			
Deferred tax		(129,229)	(157,523)
<b>Net assets</b>		<u><u>1,226,265</u></u>	<u><u>935,496</u></u>
<b>Capital and reserves</b>			
Called up share capital		200,000	200,000
Capital redemption reserve		436,478	436,478
Profit and loss account		589,787	299,018
<b>Total equity</b>		<u><u>1,226,265</u></u>	<u><u>935,496</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved by the board on 14 March 2017 and signed on its behalf by:



**B A Palmer**  
Director

Company registered number: 03422948

# Tharsus Engineering Limited

## Notes to the financial statements Year ended 30 November 2016

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### 1. General information

Tharsus Engineering Limited ('the company') provides Tier 1 manufacturing services.

The company is a private company limited by shares, incorporated and domiciled in the United Kingdom. The address of the registered office is given in the company information page of these financial statements.

### 2. Audit

This is a filing copy of the company's full financial statements. As permitted by section 444 of the Companies Act 2006, the filing copy does not include the profit and loss account; only the balance sheet (and notes thereto) has been filed.

The company's financial statements have been subject to audit, however as this filing copy does not constitute a complete set of financial statements, the auditor's report on the financial statements is also not filed.

The audit report was signed by Andrew Wilson (Senior Statutory Auditor), for and on behalf of UNW LLP, Statutory Auditor, Newcastle upon Tyne, and gave an unqualified opinion.

### 3. Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, *'the Financial Reporting Standard applicable in the UK and the Republic of Ireland'* and the Companies Act 2006. The company has early adopted the *Companies, Partnership and Groups (Accounts and Reports) Regulations 2015* (SI 2015/980).

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 periods presented, unless otherwise stated. The company has adopted Section 1A of FRS 102 in the current year and an explanation of how the transition to FRS 102 has affected the reported financial performance and position is given in note 16.

#### 3.1 Basis of preparation of financial statements

The financial statements are prepared on a going concern basis and under the historical cost convention. They are presented in pounds sterling.

#### 3.2 Turnover

Turnover comprises revenue recognised in respect of goods supplied during the year, net of discounts and excluding Value Added Tax.

Turnover 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.

#### 3.3 Government grants

Government grants relating to tangible fixed assets and employment are treated as deferred income and released to the profit and loss account over the period of the project to which they relate. Other grants are credited to the profit and loss account as the related expenditure is incurred.

# Tharsus Engineering Limited

## Notes to the financial statements Year ended 30 November 2016

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### 3. Accounting policies (continued)

#### 3.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life of 10 years.

Development expenditure on clearly defined projects whose outcome can be assessed with reasonable certainty is carried forward and amortisation is charged over the life of the project. Development assets are reviewed on a regular basis to ensure they are recoverable against future profits.

Research expenditure and development expenditure which does not meet the above criteria is written off to the profit and loss account in the year in which it is incurred.

#### 3.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price plus any further costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their estimated useful lives as follows:

Freehold property	-	50 years straight line
Leasehold improvements	-	10 years straight line
Plant and machinery	-	10 years straight line
Motor vehicles	-	4 years straight line
Fixtures, fittings and equipment	-	3 to 10 years straight line

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

#### 3.6 Leased assets

Assets held under finance leases and hire purchase contracts, which confer rights and obligations on the company similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future lease obligations are recorded as liabilities, and the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of charge on the remaining balance of the liability.

#### 3.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all direct costs, which for work in progress and finished goods includes an element of production labour and overhead costs.

Raw materials cost is calculated using the first-in, first-out (FIFO) method. Work in progress and finished goods cost is determined based on expected selling price multiplied by the percentage of completion, less expected profit margin.

Provision is made where necessary for damaged, obsolete or slow-moving items.

# Tharsus Engineering Limited

## Notes to the financial statements Year ended 30 November 2016

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### 3. Accounting policies (continued)

#### 3.8 Debtors

Short-term debtors (including trade, intercompany and other debtors) are measured at the transaction price, less any impairment.

#### 3.9 Creditors

Short-term creditors, including trade, intercompany and other creditors, are measured at the transaction price. Other financial liabilities, including invoice discounting facilities, bank loans and director loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 3.10 Employee benefits

##### ***Short-term benefits***

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the employee's entitlement to the benefit accrues.

##### ***Defined contribution pension plan***

The company operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

#### 3.11 Foreign currency translation

The company's functional currency is the pound sterling. Transactions in foreign currencies are translated into sterling using the spot exchange rates at the dates of the transactions. At each period end, foreign currency monetary assets and liabilities are translated using the closing rate. All foreign exchange gains and losses are recognised in the profit and loss account.

#### 3.12 Current and deferred taxation

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account.

Current tax is the amount of income tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods and arises from 'timing differences' (where transactions or events are included in the financial statements in periods different from those in which they are assessed for tax). Deferred tax is recognised in respect of all timing differences, except that 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.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

# Tharsus Engineering Limited

## Notes to the financial statements Year ended 30 November 2016

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### 4. Employees

The average monthly number of employees, including directors, during the year was 95 (2015 - 80).

### 5. Intangible assets

	Development costs £	Goodwill £	Total £
<b>Cost</b>			
At 1 December 2015 and 30 November 2016	131,714	233,940	365,654
<b>Amortisation</b>			
At 1 December 2015	8,800	218,344	227,144
Charge for the year	68,200	11,697	79,897
At 30 November 2016	77,000	230,041	307,041
<b>Net book value</b>			
At 30 November 2016	54,714	3,899	58,613
At 30 November 2015	122,914	15,596	138,510

# Tharsus Engineering Limited

## Notes to the financial statements Year ended 30 November 2016

### 6. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>					
At 1 December 2015	1,833,521	1,727,767	95,239	703,873	4,360,400
Additions	-	54,569	-	8,240	62,809
Disposals	-	(5,095)	(17,742)	-	(22,837)
At 30 November 2016	1,833,521	1,777,241	77,497	712,113	4,400,372
<b>Depreciation</b>					
At 1 December 2015	121,274	1,332,458	71,860	418,238	1,943,830
Charge for the year	36,670	86,900	8,287	64,052	195,909
On disposals	-	(2,972)	(16,263)	-	(19,235)
At 30 November 2016	157,944	1,416,386	63,884	482,290	2,120,504
<b>Net book value</b>					
At 30 November 2016	1,675,577	360,855	13,613	229,823	2,279,868
At 30 November 2015	1,712,247	395,309	23,379	285,635	2,416,570

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

	2016 £	2015 £
Plant and machinery	82,069	158,314
Motor vehicles	13,612	23,377
	<u>95,681</u>	<u>181,691</u>



# Tharsus Engineering Limited

## Notes to the financial statements Year ended 30 November 2016

### 7. Stocks

	2016 £	2015 £
Raw materials	242,330	133,976
Work in progress	336,759	194,244
	<u>579,089</u>	<u>328,220</u>

### 8. Debtors

	2016 £	2015 £
Trade debtors	1,163,938	830,437
Amounts owed by group undertakings	459,437	164,064
Other debtors	-	44,037
Prepayments and accrued income	63,498	42,946
	<u>1,686,873</u>	<u>1,081,484</u>

### 9. Creditors: amounts falling due within one year

	2016 £	2015 (restated) £
Bank overdraft and invoice discounting facility	667,382	633,441
Bank loans (note 10)	32,128	132,253
Trade creditors	530,838	249,816
Amounts owed to group undertakings	154,108	77,170
Other taxation and social security	169,428	132,492
Net obligations under finance lease and hire purchase contracts (note 11)	10,526	24,258
Other creditors	405,706	436,846
Accruals and deferred income	158,687	72,864
	<u>2,128,803</u>	<u>1,759,140</u>

The bank overdraft and the invoice discounting facility are secured against the company's freehold property and by a cross guarantee between the Tharsus Group companies.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

# Tharsus Engineering Limited

## Notes to the financial statements Year ended 30 November 2016

### 10. Creditors: amounts falling due after more than one year

	2016 £	2015 £
Bank loans	478,979	460,985
Net obligations under finance leases and hire purchase contracts (note 11)	6,251	16,777
Intra-group loan	250,000	250,000
Director loans	385,066	385,066
	<u>1,120,296</u>	<u>1,112,828</u>

The bank loans are secured against the company's freehold property and by a cross guarantee between the Tharsus Group companies. An amount of £nil (2015 - £4,486) falls due for repayment more than five years after the balance sheet date.

The intra-group loan has a fixed term and accrues interest at 4% per annum.

The director loans accrue interest at 6% per annum. Repayment of the loans is subordinated to the bank debt.

### 11. Finance leases and hire purchase contracts

Minimum lease payments under finance leases and hire purchase contracts fall due as follows:

	2016 £	2015 £
Within one year	11,189	25,709
After one year and before five years	6,370	17,558
<b>Total gross payments</b>	<u>17,559</u>	<u>43,267</u>
Less: future interest charges	(781)	(2,232)
<b>Carrying amount of liability</b>	<u>16,778</u>	<u>41,035</u>

Obligations under finance leases and hire purchase contracts are secured against the assets to which they relate.

### 12. Prior year adjustment

The prior year financial statements have been adjusted to derecognise other operating income recognised in earlier periods which did not meet the criteria for recognition. The effect of the adjustment is to reduce opening reserves of the prior year (at 1 November 2014) by £281,926 to £276,284, and increase other creditors by the same amount.

# Tharsus Engineering Limited

## Notes to the financial statements Year ended 30 November 2016

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### 13. Contingent liabilities

The company is party to bank cross guarantees incorporating fixed and floating charges over all current and future assets of the company, its parent and fellow subsidiary undertakings. At the balance sheet date, the net amount outstanding to which these guarantees relate is £1,758,642 (2015 - £1,123,427), of which £925,136 (2015 - £1,123,427) is recognised as a liability in these financial statements.

### 14. Commitments under operating leases

Future minimum lease payments under non-cancellable operating leases fall due as follows:

	2016 £	2015 £
Within one year	-	21,000

### 15. Parent undertaking preparing consolidated financial statements

The company is included in the consolidated financial statements of Tharsus Group Limited, whose registered address is Birmayne House, Cowley Road, Blyth Riverside Business Park, Blyth, Northumberland, NE24 5TF.

### 16. First time adoption of FRS 102

This is the first year that the company has presented its financial statements under FRS 102. The last financial statements under the previous UK GAAP were for the year ended 30 November 2015. The date of transition to FRS 102 was 1 December 2014.

The accounting policies adopted under the previous UK GAAP were not materially different from those adopted under FRS 102, and consequently profit for the year ended 30 November 2015 and total equity as at 1 December 2014 and 30 November 2015 are the same under FRS 102 as they were under the previous UK GAAP.