
EARNEST MACHINE PRODUCTS COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

EARNEST MACHINE PRODUCTS COMPANY LIMITED
REGISTERED NUMBER: 03893042

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	4	12,427	14,063
Investments	5	100	100
		<u>12,527</u>	<u>14,163</u>
Current assets			
Stocks		481,117	372,145
Debtors: amounts falling due within one year	6	375,106	391,182
Cash at bank and in hand		53,805	42,528
		<u>910,028</u>	<u>805,855</u>
Creditors: amounts falling due within one year	7	(741,391)	(846,844)
Net current assets/(liabilities)		<u>168,637</u>	<u>(40,989)</u>
Total assets less current liabilities		<u>181,164</u>	<u>(26,826)</u>
Provisions for liabilities			
Deferred tax	8	(1,840)	-
		<u>(1,840)</u>	<u>-</u>
Net assets/(liabilities)		<u><u>179,324</u></u>	<u><u>(26,826)</u></u>
Capital and reserves			
Called up share capital	9	10,000	10,000
Profit and loss account		169,324	(36,826)
		<u><u>179,324</u></u>	<u><u>(26,826)</u></u>

EARNEST MACHINE PRODUCTS COMPANY LIMITED
REGISTERED NUMBER: 03893042

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2017

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 have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 September 2018.

Kirk Philip Zehnder
Director

The notes on pages 3 to 10 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

The company is a members limited liability company registered in England and Wales. The company's registered office is Unit 3a Millbuck Industrial Estate, Shaw Road, Wolverhampton, West Midlands, WV10 9LA. The principal activity continues to be that of wholesale machinery products.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company, and the Group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and Group are considered eligible for the exemption to prepare consolidated accounts.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Plant and machinery	- 20% reducing balance
Fixtures and fittings	- 15% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.12 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.15 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Employees

The average monthly number of employees, including directors, during the year was 11 (2016 - 10).

EARNEST MACHINE PRODUCTS COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 January 2017	34,022	21,005	55,027
Additions	820	-	820
	<hr/>	<hr/>	<hr/>
At 31 December 2017	34,842	21,005	55,847
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2017	29,245	11,719	40,964
Charge for the year on owned assets	1,063	1,393	2,456
	<hr/>	<hr/>	<hr/>
At 31 December 2017	30,308	13,112	43,420
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2017	<u>4,534</u>	<u>7,893</u>	<u>12,427</u>
At 31 December 2016	<u>4,777</u>	<u>9,286</u>	<u>14,063</u>

EARNEST MACHINE PRODUCTS COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2017	100
	<hr/>
At 31 December 2017	100
	<hr/>
Net book value	
At 31 December 2017	100
	<hr/>
At 31 December 2016	100
	<hr/>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity	Aggregate of share capital and reserves £	Profit/(loss) £
EMP Engineering Limited	Ordinary	100 %	Engineering machine shop for industrial fasteners	(96,276)	(37,437)
				<hr/>	<hr/>

EARNEST MACHINE PRODUCTS COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

6. Debtors

	2017 £	2016 £
Trade debtors	208,318	246,359
Amounts owed by group undertakings	151,275	131,325
Other debtors	9,341	3,160
Prepayments and accrued income	6,172	10,338
	<u>375,106</u>	<u>391,182</u>

7. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	59,834	55,836
Amounts owed to group undertakings	623,026	761,198
Corporation tax	25,517	-
Other taxation and social security	6,701	17,150
Accruals and deferred income	26,313	12,660
	<u>741,391</u>	<u>846,844</u>

8. Deferred taxation

	2017 £
Utilised in year	1,840
At end of year	<u><u>1,840</u></u>

The deferred taxation balance is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	<u>1,840</u>	<u>-</u>

EARNEST MACHINE PRODUCTS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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9. Share capital

	2017	2016
	£	£
Allotted, called up and fully paid		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

10. Controlling party

The parent company is Earnest Machine Products Co., a company registered in the United States of America. The controlling interest in that company is held by Kirk Philip Zehnder.

11. Limitation of auditors' liability

The company has entered into a liability limitation agreement, the principal terms being as follows:-

Any liability is limited, pursuant to Section 537 of the Companies Act 2006, to no less than such amount as is considered fair and reasonable in each individual circumstance and to a maximum of ten times the level of the fee for the audit service being carried out.

The resolution approving this agreement is dated 1 December 2017.

12. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2017 was unqualified.

The audit report was signed on 13 September 2018 by Mark Anthony Cupitt (Senior Statutory Auditor) on behalf of Lancaster Clements Limited.