
EARNEST MACHINE PRODUCTS COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

EARNEST MACHINE PRODUCTS COMPANY LIMITED
REGISTERED NUMBER: 03893042

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	5	21,296	7,582
		<u>21,296</u>	<u>7,582</u>
Current assets			
Stocks		437,148	444,815
Debtors: amounts falling due within one year	6	262,353	287,046
Cash at bank and in hand		74,375	128,145
		<u>773,876</u>	<u>860,006</u>
Creditors: amounts falling due within one year	7	(378,521)	(311,044)
Net current assets		<u>395,355</u>	<u>548,962</u>
Total assets less current liabilities		<u>416,651</u>	<u>556,544</u>
Creditors: amounts falling due after more than one year	8	-	(200,000)
Provisions for liabilities			
Deferred tax	9	(3,795)	(1,173)
		<u>(3,795)</u>	<u>(1,173)</u>
Net assets		<u><u>412,856</u></u>	<u><u>355,371</u></u>
Capital and reserves			
Called up share capital	10	10,000	10,000
Profit and loss account		402,856	345,371
		<u><u>412,856</u></u>	<u><u>355,371</u></u>

EARNEST MACHINE PRODUCTS COMPANY LIMITED
REGISTERED NUMBER: 03893042

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

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 21 September 2022.

Kirk Philip Zehnder
Director

The notes on pages 3 to 11 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021

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 profit or loss.

2.5 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.

2.6 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.

2.7 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.

2.8 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 ordinary shares.

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.10 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of income and retained earnings in the same period as the related expenditure.

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 profit or loss 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 profit or loss 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 profit or loss 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.

2.15 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting 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 profit or loss 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 reporting 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 (2020 - 12).

EARNEST MACHINE PRODUCTS COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	12,045	11,463
Adjustments in respect of previous periods	-	(237)
	<u>12,045</u>	<u>11,226</u>
Group taxation relief	-	2,833
	<u>12,045</u>	<u>14,059</u>
Total current tax	<u>12,045</u>	<u>14,059</u>
Deferred tax		
Origination and reversal of timing differences	2,622	349
Total deferred tax	<u>2,622</u>	<u>349</u>
Taxation on profit on ordinary activities	<u>14,667</u>	<u>14,408</u>

Factors affecting tax charge for the year

The tax assessed for the year is **19%** (2020 - **19%**) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>72,152</u>	<u>4,221</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	13,709	802
Effects of:		
Other differences leading to an increase (decrease) in the tax charge	958	13,606
Total tax charge for the year	<u>14,667</u>	<u>14,408</u>

Factors that may affect future tax charges

EARNEST MACHINE PRODUCTS COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. Taxation (continued)

Enter details here

5. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 January 2021	39,877	21,005	60,882
Additions	-	17,765	17,765
At 31 December 2021	39,877	38,770	78,647
Depreciation			
At 1 January 2021	33,445	19,855	53,300
Charge for the year on owned assets	1,285	2,766	4,051
At 31 December 2021	34,730	22,621	57,351
Net book value			
At 31 December 2021	<u>5,147</u>	<u>16,149</u>	<u>21,296</u>
At 31 December 2020	<u>6,432</u>	<u>1,150</u>	<u>7,582</u>

EARNEST MACHINE PRODUCTS COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. Debtors

	2021 £	2020 £
Trade debtors	255,581	239,199
Amounts owed by group undertakings	-	44,813
Other debtors	4,772	3,034
Prepayments and accrued income	2,000	-
	<u>262,353</u>	<u>287,046</u>

7. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	69,369	43,916
Amounts owed to group undertakings	244,457	241,113
Corporation tax	12,045	11,463
Other taxation and social security	7,279	7,230
Accruals and deferred income	45,371	7,322
	<u>378,521</u>	<u>311,044</u>

8. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Bank loans	-	200,000
	<u>-</u>	<u>200,000</u>

EARNEST MACHINE PRODUCTS COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. Deferred taxation

	2021 £	2020 £
At beginning of year	1,173	824
Charged to profit or loss	2,622	349
At end of year	3,795	1,173

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	3,795	1,173
	3,795	1,173

10. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
10,000 (2020 - 10,000) ordinary shares of £1.00 each	10,000	10,000

11. Controlling party

The parent company is Earnest Machine Products Co., a company registered in the United States of America. Copies of the financial statements can be obtained from 1250 Linda Street, Rocky River, OH 44116.

12. 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 20 August 2020.

EARNEST MACHINE PRODUCTS COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Related party transactions

The company has taken advantage of the exemption contained within Paragraph 33.1A of the Financial Reporting Standard 102 and has not disclosed transactions with other group members.

14. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2021 was unqualified.

The audit report was signed on 21 September 2022 by Mark Anthony Cupitt (Senior statutory auditor) on behalf of Lancaster Clements Limited.

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.