

Registration number: 05549311

Newtecnic Limited

Annual Report and Unaudited Financial Statements

For Year Ended 31 December 2018



Newtecnic Limited

Company Information

Directors Y Watts
A J Watts

**Company
secretary** Y Watts

Registered office 8 Devonshire Square
London
EC2M 4YJ
United Kingdom

Accountants EY LLP
16 Bedford Street
Belfast
BT2 7DT
United Kingdom

Newtecnic Limited

Balance Sheet

as at 31 December 2018

Registration Number: 05549311

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	4	60,666	115,357
Current assets			
Debtors	5	581,675	832,540
Cash at bank and in hand		297,022	208,542
		878,697	1,041,082
Creditors: Amounts falling due within one year	6	(106,164)	(226,652)
Net current assets		772,533	814,430
Total assets less current liabilities		833,199	929,787
Creditors: Amounts falling due after more than one year	6	(678,034)	(300,000)
Net assets		155,165	629,787
Capital and reserves			
Called up share capital	8	100	100
Profit and loss account		155,065	629,687
Total equity		155,165	629,787

For the financial year ending 31 December 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the provisions of FRS 102 Section 1A.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

The notes on pages 4 to 11 form an integral part of these financial statements.

Newtecnic Limited

Balance Sheet

as at 31 December 2018

Registration Number: 05549311

Approved and authorised by the Board on 30/10/2019 and signed on its behalf by:



Y Watts
Director

The notes on pages 4 to 11 form an integral part of these financial statements.

Notes to the Financial Statements

for the Year Ended 31 December 2018

1 General information

Newtecnic Limited is a private company incorporated, domiciled and registered in England in the UK. The registered number is 05549311 and the address of its registered office is:

8 Devonshire Square
London
EC2M 4YJ
United Kingdom

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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 years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The presentation currency of these financial statements is sterling (GBP).

All amounts in the financial statements have been rounded to the nearest £1.

Going concern

The company's financial statements have been prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the company's needs. In assessing going concern, the directors have a reasonable expectation that the company will continue as a going concern and is able to meet all of its obligations as they fall due for a minimum of 12 months from the date of approval of these financial statements.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The Company recognises revenue when:

- The amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity;
- and specific criteria have been met for each of the Company's activities.

Notes to the Financial Statements

for the Year Ended 31 December 2018

2 Accounting policies (continued)

Interest receivable and interest payable

Interest income and interest payable are recognised in the profit and loss account as they accrue, using the effective interest method.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

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.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of intangible fixed assets, for example land is treated separately from buildings.

Notes to the Financial Statements

for the Year Ended 31 December 2018

2 Accounting policies (continued)

Depreciation

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

- Furniture & fittings: 5 years
- Motor vehicle equipment: 4 years
- Computer equipment: 3 years

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price less attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements

for the Year Ended 31 December 2018

2 Accounting policies (continued)

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Operating Lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income over the term of the lease as an integral part of the total lease expense.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Notes to the Financial Statements

for the Year Ended 31 December 2018

2 Accounting policies (continued)

Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year was 20 (2017:14).

Notes to the Financial Statements

for the Year Ended 31 December 2018

4 Tangible assets

	<i>Furniture & Fittings £</i>	<i>Motor vehicle equipment £</i>	<i>Computer equipment £</i>	<i>Total £</i>
Cost or valuation				
At 1 January 2018	192,024	7,560	84,308	283,892
Additions	832	-	11,313	12,145
At 31 December 2018	192,856	7,560	95,621	296,037
Depreciation				
At 1 January 2018	135,541	5,687	27,307	168,535
Charge for the year	35,364	558	30,914	66,836
At 31 December 2018	170,905	6,245	58,221	235,371
Carrying amount				
At 31 December 2018	21,951	1,315	37,400	60,666
At 31 December 2017	56,483	1,873	57,001	115,357

5 Debtors

	<i>2018 £</i>	<i>2017 £</i>
Trade debtors	451,882	752,089
Prepayments	14,880	691
Other debtors	114,913	79,760
	<u>581,675</u>	<u>832,540</u>

Notes to the Financial Statements

for the Year Ended 31 December 2018

6 Creditors

Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	74,515	33,269
Amounts owed to related parties	14,079	-
Taxation and social security	4,090	14,143
Pension liability	4,133	-
Other creditors	9,347	179,240
	<u>106,164</u>	<u>226,652</u>

Creditors: amounts falling due after more than one year

	2018 £	2017 £
Other borrowings	<u>678,034</u>	<u>300,000</u>

Other borrowings comprise commercial loans payable within 3-5 years.

7 Operating leases

Non-cancellable operating leases are payable as follows:

	2018 £	2017 £
Between one and five years	<u>532,000</u>	<u>279,828</u>

Notes to the Financial Statements

for the Year Ended 31 December 2018

8 Called up share capital

Allotted, called up and fully paid:

	2018		2017	
	No.	£	No.	£
100 ordinary shares at £1.00 each (2017:100)	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

9 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £2,504 (2017 - £Nil).

Contributions totalling £4,133 (2017 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

10 Related party transactions

During the year ended 31 December 2018, the Company received loans from A Watts and Y Watts of £2,569 (2017: £113,000). A Watts and Y Watts are directors of the company. During the year to 31 December 2018 the company paid expenses of £78,056 (2017: £30,687) on behalf of the directors. As at 31 December 2018, A Watts and Y Watts owed £13,597 to the Company (2017: the Company owed £169,894 to A Watts and Y Watts). The loan is repayable on demand and no interest will be charged on this loan.

On the 26 January 2018 the directors of the Company registered a company, Newtecnic Inc in the U.S.A. Both entities are 100% owned by A Watts and Y Watts. During the year to 31 December 2018 the Company paid expenses of £55,709 on behalf of Newtecnic Inc and incurred charges for support costs of £69,788 from Newtecnic Inc. As at 31 December 2018, a balance of £14,079 was due to Newtecnic Inc from the Company. This amount is repayable on demand and no interest will be charged on this amount.

11 Post balance sheet events

On the 28 June 2019 the Company took out a loan with Commercial Finance Limited for £1,540,000 to aid cashflow and business development within the Company and Newtecnic Inc. The loan is repayable over 23 years and is secured by way of a floating charge over the Company.

On the 28 June 2019 the Company directors A Watts and Y Watts borrowed £884,180 from the Company. This loan to the directors is currently repayable to the Company on demand and currently no interest is charged on this loan.