

ULTRA PRECISION STRUCTURED SURFACES (UPS2) LTD

UNAUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

ULTRA PRECISION STRUCTURED SURFACES (UPS2) LTD
REGISTERED NUMBER: 09912514

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	5	149,097	164,876
		<u>149,097</u>	<u>164,876</u>
Current assets			
Debtors: amounts falling due within one year	6	96,152	17,196
Cash at bank and in hand	7	171,114	171,853
		<u>267,266</u>	<u>189,049</u>
Creditors: amounts falling due within one year	8	(110,086)	(114,365)
Net current assets		<u>157,180</u>	<u>74,684</u>
Total assets less current liabilities		<u>306,277</u>	<u>239,560</u>
Provisions for liabilities			
Deferred tax	9	(739)	-
		<u>(739)</u>	<u>-</u>
Net assets		<u><u>305,538</u></u>	<u><u>239,560</u></u>
Capital and reserves			
Called up share capital		246	246
Share premium account		227,643	227,643
Profit and loss account		77,649	11,671
		<u><u>305,538</u></u>	<u><u>239,560</u></u>

The director considers that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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 comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

ULTRA PRECISION STRUCTURED SURFACES (UPS2) LTD
REGISTERED NUMBER: 09912514

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
J L Allsop
Director

Date: 1 May 2019

The notes on pages 3 to 8 form part of these financial statements.

ULTRA PRECISION STRUCTURED SURFACES (UPS2) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Ultra Precision Structured Surfaces (UPS2) Ltd is a private company limited by share capital and incorporated in England and Wales.

The Company's registered office is 20-22 Wenlock Road, London, N1 7GU.

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 following principal accounting policies have been applied:

2.2 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.

2.3 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	20%
Fixtures and fittings	-	33%
Office equipment	-	33%

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 comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.4 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.

2.5 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.

2.6 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.

2.7 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.

2.8 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.9 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.10 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 comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. 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 2018

2. Accounting policies (continued)

2.11 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 comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet 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 Balance sheet.

2.12 Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, 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 balance sheet 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 Balance sheet 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 balance sheet date.

3. Employees

The average monthly number of employees, including directors, during the year was 4 (2017 - 3).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	1,144	333
Adjustments in respect of previous periods	-	(3,651)
	<u>1,144</u>	<u>(3,318)</u>
Total current tax	<u>1,144</u>	<u>(3,318)</u>
Deferred tax		
Origination and reversal of timing differences	4,366	(4,801)
Changes to tax rates	-	2,037
	<u>4,366</u>	<u>(2,764)</u>
Total deferred tax	<u>4,366</u>	<u>(2,764)</u>
Taxation on profit/(loss) on ordinary activities	<u>5,510</u>	<u>(6,082)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>71,489</u>	<u>10,257</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	13,583	1,974
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	73	268
Adjustments to tax charge in respect of prior periods	-	(3,651)
R&D expenditure credits	-	(200)
RDEC notional tax	1,144	333
Additional deduction for R&D expenditure	(8,776)	(7,477)
Adjusting deferred tax	(514)	2,671
Total tax charge for the year	<u>5,510</u>	<u>(6,082)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation				
At 1 January 2018	256,352	854	1,895	259,101
Additions	36,331	233	2,101	38,665
At 31 December 2018	<u>292,683</u>	<u>1,087</u>	<u>3,996</u>	<u>297,766</u>
Depreciation				
At 1 January 2018	92,814	285	1,126	94,225
Charge for the year on owned assets	53,245	304	895	54,444
At 31 December 2018	<u>146,059</u>	<u>589</u>	<u>2,021</u>	<u>148,669</u>
Net book value				
At 31 December 2018	<u>146,624</u>	<u>498</u>	<u>1,975</u>	<u>149,097</u>
At 31 December 2017	<u>163,538</u>	<u>569</u>	<u>769</u>	<u>164,876</u>

6. Debtors

	2018 £	2017 £
Trade debtors	76,345	6,615
Other debtors	19,634	5,231
Prepayments and accrued income	173	1,723
Deferred taxation	-	3,627
	<u>96,152</u>	<u>17,196</u>

7. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	171,114	171,853
	<u>171,114</u>	<u>171,853</u>

ULTRA PRECISION STRUCTURED SURFACES (UPS2) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

8. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	6,625	12,881
Other taxation and social security	7,940	12,037
Other creditors	61,422	59,271
Accruals and deferred income	34,099	30,176
	<u>110,086</u>	<u>114,365</u>

9. Deferred taxation

	2018 £	2017 £
At beginning of year	3,627	864
Charged to the profit or loss	(4,366)	2,763
At end of year	<u>(739)</u>	<u>3,627</u>

The deferred taxation balance is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(19,809)	(21,276)
Tax losses carried forward	19,070	24,903
	<u>(739)</u>	<u>3,627</u>

10. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £4,988 (2017 - £4,979).

11. Controlling party

The Company is controlled by Spectratek Technologies Inc, by virtue of its 90% shareholding.

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.