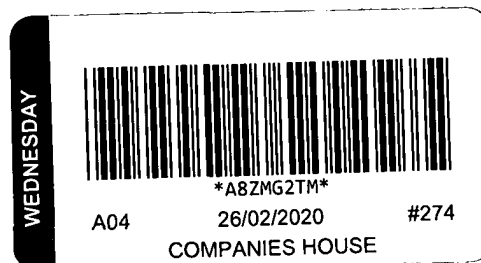


Clifton Engineering (North East) Limited
Filleted Financial Statements
For the year ended
31 May 2019



MITCHELLS LIMITED
Chartered Accountants & statutory auditor
Swallow House
Parsons Road
Washington
Tyne & Wear
NE37 1EZ

Clifton Engineering (North East) Limited

Financial Statements

Year ended 31 May 2019

Contents	Page
Officers and professional advisers	1
Statement of financial position	2
Notes to the financial statements	4

Clifton Engineering (North East) Limited

Officers and Professional Advisers

The board of directors

Mrs E L Pearson
Mr A R Pearson
Mr D W Simm

Company secretary

Mrs D K Pearson

Registered office

Coopies Haugh
Coopies Lane Industrial Estate
Morpeth
Northumberland
NE61 6JN

Auditor

Mitchells Limited
Chartered Accountants & statutory auditor
Swallow House
Parsons Road
Washington
Tyne & Wear
NE37 1EZ

Bankers

Bank of Scotland
8 Lochside Avenue
Edinburgh
EH12 9DJ

Clifton Engineering (North East) Limited

Statement of Financial Position

31 May 2019

	Note	2019 £	2018 (restated) £
Fixed assets			
Tangible assets	5	778,398	618,056
Current assets			
Stocks		263,139	241,282
Debtors	6	1,488,397	1,287,567
Cash at bank and in hand		1,915,822	1,017,546
		<u>3,667,358</u>	<u>2,546,395</u>
Creditors: amounts falling due within one year	7	<u>(1,421,070)</u>	<u>(1,101,031)</u>
Net current assets		<u>2,246,288</u>	<u>1,445,364</u>
Total assets less current liabilities		<u>3,024,686</u>	<u>2,063,420</u>
Creditors: amounts falling due after more than one year	8	(83,045)	(47,403)
Provisions			
Taxation including deferred tax		(112,799)	(81,442)
Net assets		<u>2,828,842</u>	<u>1,934,575</u>
Capital and reserves			
Called up share capital		29,900	29,900
Profit and loss account		2,798,942	1,904,675
Shareholders funds		<u>2,828,842</u>	<u>1,934,575</u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the income statement has not been delivered.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The statement of financial position
continues on the following page.

The notes on pages 4 to 10 form part of these financial statements.

Clifton Engineering (North East) Limited

Statement of Financial Position *(continued)*

31 May 2019

These financial statements were approved by the board of directors and authorised for issue on 25 February 2020, and are signed on behalf of the board by:


Mr A R Pearson
Director

Company registration number: 02809704

The notes on pages 4 to 10 form part of these financial statements.

Clifton Engineering (North East) Limited

Notes to the Financial Statements

Year ended 31 May 2019

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Coopies Haugh, Coopies Lane Industrial Estate, Morpeth, Northumberland, NE61 6JN.

2. Statement of compliance

The individual financial statements of Clifton Engineering (North East) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

General Information

Clifton Engineering (North East) Limited is a precision engineering and manufactures of polyurethane products.

The company is a private company limited by shares and is incorporated and domiciled in England.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

Going concern

The company meets its day-to-day working capital requirements through its bank facilities. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Cash at bank in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors

Creditors are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement after following for any trade discounts due.

Clifton Engineering (North East) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 May 2019

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised 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 reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Tangible assets

All fixed assets are initially recorded at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition.

Clifton Engineering (North East) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 May 2019

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	- 10% reducing balance
Fixtures and fittings	- 25% reducing balance
Motor vehicles	- 25% reducing balance

Depreciation is not charged on the freehold properties. In accordance with current practice an impairment review is performed on the properties. The result of this review showed that the recoverable amount is in excess of the carrying amount.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stock and work in progress

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Clifton Engineering (North East) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 May 2019

3. Accounting policies *(continued)*

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Clifton Engineering (North East) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 May 2019

3. Accounting policies *(continued)*

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Employee numbers

The average number of persons employed by the company during the year amounted to 36 (2018: 32).

5. Tangible assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 June 2018 (as restated)	1,701,388	25,644	34,500	1,761,532
Additions	220,581	15,287	–	235,868
Disposals	(18,109)	(1,308)	–	(19,417)
At 31 May 2019	1,903,860	39,623	34,500	1,977,983
Depreciation				
At 1 June 2018	1,104,375	17,221	21,880	1,143,476
Charge for the year	58,251	3,868	3,155	65,274
Disposals	(8,312)	(853)	–	(9,165)
At 31 May 2019	1,154,314	20,236	25,035	1,199,585
Carrying amount				
At 31 May 2019	749,546	19,387	9,465	778,398
At 31 May 2018	597,013	8,423	12,620	618,056

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery £
At 31 May 2019	122,748
At 31 May 2018	–

Clifton Engineering (North East) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 May 2019

6. Debtors

	2019	2018 <i>(restated)</i>
	£	£
Trade debtors	1,459,669	1,265,481
Amounts owed by group undertakings and undertakings in which the company has a participating interest	3,190	3,485
Other debtors	25,538	18,601
	<u>1,488,397</u>	<u>1,287,567</u>

Short term debtors are measured at transaction price, less any impairment.

7. Creditors: amounts falling due within one year

	2019	2018 <i>(restated)</i>
	£	£
Trade creditors	409,362	272,462
Amounts owed to group undertakings and undertakings in which the company has a participating interest	736,070	556,253
Corporation tax	81,514	122,376
Social security and other taxes	112,084	115,503
Other creditors	82,040	34,437
	<u>1,421,070</u>	<u>1,101,031</u>

Short term creditors are measured at the transaction price.

Included within other creditors is an amount of £30,760 (2018: £Nil) which is secured on the tangible assets.

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

	2019	2018 <i>(restated)</i>
	£	£
Other creditors	<u>83,045</u>	<u>47,403</u>

Included within other creditors is an amount of £40,382 (2018: £Nil) which is secured on the tangible assets.

9. Prior period errors

The comparative figures have been amended to reflect a management charge with the company's parent company. The effect on the retained profit was to decrease it by £335,000 in relation to two year's worth of management charges.

Clifton Engineering (North East) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 May 2019

10. Summary audit opinion

The auditor's report for the year dated 25 February 2020 was qualified on the following basis:

We were not appointed as auditors of the company until after 31 May 2018 and thus did not observe the counting of physical stock at the start of the financial year. We were unable to satisfy ourselves by alternative means concerning the stock quantities held at 31 May 2018, which are included in the opening balance sheet at £241,282, by using other audit procedures. Consequently, we were unable to determine whether any adjustment to this amount was necessary.

We did observe the counting of physical stock at the end of the financial year and we were able to satisfy ourselves that the stock quantities held at 31 May 2019 are accurate.

The senior statutory auditor was J Cheesman FCA, for and on behalf of Mitchells Limited.

11. Related party transactions

During the year the company entered into the following transactions with related parties:

	Transaction value		Balance owed by/(owed to)	
	2019 £	2018 £	2019 £	2018 £
Entity 1 with control, joint control or significant influence over the company	(113,051)	(150,814)	(14,660)	(33,813)
Entity 2 with control, joint control or significant influence over the company	200,735	200,000	(718,220)	(518,955)
Entity 3 with control, joint control or significant influence over the company	<u>(77,000)</u>	<u>(77,000)</u>	<u>—</u>	<u>—</u>

The amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given.

12. Ultimate parent company

The company's ultimate parent company is Clifton Holdings (North East) Limited, a company incorporated in England and Wales.