

Registration number: 05503397

Soyang Europe Limited

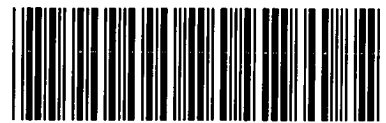
Annual Report and Financial Statements

for the Year Ended 31 December 2019

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Thompson Jones Audit LLP
Chartered Accountants & Registered Auditors
2 Heap Bridge
Bury
Lancashire
BL9 7HR

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Soyang Europe Limited

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Soyang Europe Limited

Company Information

Director Mr M P Mashiter

Company secretary Mrs C Mashiter

Registered office 2 Heap Bridge
Bury
Lancashire
BL9 7HR

Bankers Lloyds TSB Bank PLC
16 Market Place
Oldham
Lancashire
OL1 1JG

Auditors Thompson Jones Audit LLP
Chartered Accountants & Registered Auditors
2 Heap Bridge
Bury
Lancashire
BL9 7HR

Soyang Europe Limited
(Registration number: 05503397)
Balance Sheet as at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	4	3,252,048	3,261,505
Investments	5	<u>220,342</u>	<u>220,342</u>
		<u>3,472,390</u>	<u>3,481,847</u>
Current assets			
Stocks	6	2,808,149	2,217,931
Debtors	7	2,915,760	2,832,999
Cash at bank and in hand		<u>161,230</u>	<u>218,724</u>
		5,885,139	5,269,654
Creditors: Amounts falling due within one year	8	<u>(4,588,644)</u>	<u>(4,086,779)</u>
Net current assets		<u>1,296,495</u>	<u>1,182,875</u>
Total assets less current liabilities		4,768,885	4,664,722
Creditors: Amounts falling due after more than one year	8	(985,144)	(1,049,846)
Provisions for liabilities		<u>(215,000)</u>	<u>(215,000)</u>
Net assets		<u>3,568,741</u>	<u>3,399,876</u>
Capital and reserves			
Called up share capital		100	100
Revaluation reserve		1,067,957	1,067,957
Profit and loss account		<u>2,500,684</u>	<u>2,331,819</u>
Total equity		<u>3,568,741</u>	<u>3,399,876</u>

The notes on pages 4 to 12 form an integral part of these financial statements.
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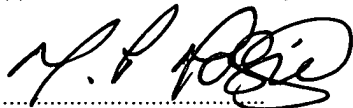
Soyang Europe Limited

(Registration number: 05503397)
Balance Sheet as at 31 December 2019

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.

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.

Approved and authorised by the director on 17 July 2020

A handwritten signature in black ink, appearing to read 'M. P. Mashiter', written over a dotted line.

Mr M P Mashiter
Director

Soyang Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

2 Heap Bridge
Bury
Lancashire
BL9 7HR

The principal place of business is:

Calder House
Metcalf Drive
Altham Industrial Estate
Accrington
Lancashire
BB5 5TU

These financial statements were authorised for issue by the director on 17 July 2020.

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.

Audit report

The Independent Auditor's Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report on 17 July 2020 was John Stone FCA, who signed for and on behalf of Thompson Jones Audit LLP.

Soyang Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

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.

Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when 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 and that are expected to apply to the reversal of the timing difference. here the tax rate that applies to the sale of the asset is used.

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.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and equipment	20% reducing balance basis
Fixtures and fittings	20% reducing balance basis

Soyang Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Motor vehicles	25% reducing balance basis
Freehold property	Not provided

The directors believe that the policy of not providing depreciation on freehold property is necessary in order for the financial statements to give a true and fair view. The directors confirm that buildings are maintained to high standards of condition and the value is not significantly impaired by the passage of time. Consequently, any element of depreciation is not considered to be material. The directors review the market values with sufficient regularity to enable them to identify any material diminution in value, should that occur.

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

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. 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.

Soyang Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are 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.

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.

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.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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.

Soyang Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Staff numbers

The average number of persons employed by the company (including the director) during the year, was 18 (2018 - 18).

4 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2019	3,000,000	595,143	23,794	3,618,937
Additions	<u>11,790</u>	<u>39,236</u>	<u>-</u>	<u>51,026</u>
At 31 December 2019	<u>3,011,790</u>	<u>634,379</u>	<u>23,794</u>	<u>3,669,963</u>
Depreciation				
At 1 January 2019	-	340,371	17,060	357,431
Charge for the year	<u>-</u>	<u>58,800</u>	<u>1,684</u>	<u>60,484</u>
At 31 December 2019	<u>-</u>	<u>399,171</u>	<u>18,744</u>	<u>417,915</u>
Carrying amount				
At 31 December 2019	<u>3,011,790</u>	<u>235,208</u>	<u>5,050</u>	<u>3,252,048</u>
At 31 December 2018	<u>3,000,000</u>	<u>254,771</u>	<u>6,734</u>	<u>3,261,505</u>

Included within the net book value of land and buildings above is £3,011,790 (2018 - £3,000,000) in respect of freehold land and buildings.

The fair value of the company's Land and buildings was revalued on 13 June 2018 by an independent valuer and adjusted in the 31 December 2017 financial statements. A letter style valuation was carried out and the market value of the property has been provided. The name and qualification of the independent valuer is Neil A Weaver, MRICS, Taylor Weaver Limited. Had this class of asset been measured on an historical cost basis, the carrying amount would have been £1,776,833.

Soyang Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

5 Investments

	2019 £	2018 £
Investments in associates	<u>220,342</u>	<u>220,342</u>
Associates		£
Cost		
At 1 January 2019		<u>220,342</u>
Provision		
Carrying amount		
At 31 December 2019		<u>220,342</u>
At 31 December 2018		<u>220,342</u>

During the year there have been no dividends or other distributions recognised as income received from the associated company.

6 Stocks

	2019 £	2018 £
Trading stock	<u>2,808,149</u>	<u>2,217,931</u>

7 Debtors

	2019 £	2018 £
Trade debtors	2,792,121	2,647,322
Prepayments	37,253	32,567
Other debtors	<u>86,386</u>	<u>153,110</u>
	<u>2,915,760</u>	<u>2,832,999</u>

Soyang Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

8 Creditors

Creditors: amounts falling due within one year

	Note	2019 £	2018 £
Due within one year			
Bank loans and overdrafts	9	1,716,086	1,440,158
Trade creditors		2,482,931	2,396,314
Taxation and social security		198,730	189,499
Accruals and deferred income		35,092	42,518
Other creditors		<u>155,805</u>	<u>18,290</u>
		<u><u>4,588,644</u></u>	<u><u>4,086,779</u></u>

Creditors include bank loans which are secured of £46,881 (2018 - £46,881).

Creditors also includes confidential invoice discounting facility of £1,669,205 (2018 - £1,393,277).

Creditors: amounts falling due after more than one year

	Note	2019 £	2018 £
Due after one year			
Loans and borrowings	9	<u>985,144</u>	<u>1,049,846</u>

Soyang Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Creditors include bank loans which are secured of £985,144 (2018 - £1,049,846).

9 Loans and borrowings

	2019 £	2018 £
Non-current loans and borrowings		
Bank borrowings	<u>985,144</u>	<u>1,049,846</u>
	2019 £	2018 £
Current loans and borrowings		
Bank borrowings	<u>1,716,086</u>	<u>1,440,158</u>

10 Financial commitments, guarantees and contingencies

Amounts not provided for in the balance sheet

The total amount of financial commitments not included in the balance sheet is £38,540 (2018 - £Nil).

Soyang Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

11 Related party transactions

Other related party transactions

During the year the company made the following related party transactions:

Soyang Technologies Co Limited

(Shareholder)

During the year the company purchased goods to the value of £3,961,654 (2018: £3,039,814) from Soyang Technologies Co Limited. At the balance sheet date the amount due to Soyang Technologies Co Limited was £1,978,561 (2018: £1,264,397)

MP Mashiter

(Director and Shareholder)

During the year there were loans made to the immediate family of MP Mashiter. The balance due at the year end was £86,100 (2018: £73,048). Since the year end £62,350 of these loans have been repaid.

B Factory SPRL

(Associate)

In June 2018 the company acquired 30% of the share capital of B Factory SPRL. During the year the company purchased goods to the value of £14,411 (2018: £12,163) from B Factory SPRL and sold goods to the value of £75,295 (2018: £13,379) to B Factory SPRL. At the balance sheet date the net amount due to B Factory SPRL was £12,895 (2018: £1,476).

12 Non adjusting events after the financial period

Since the year end, the Coronavirus (COVID-19) has emerged globally resulting in a significant impact on businesses worldwide. As a result, some business operations have been restricted, however the company continues to operate using alternative methods and remote working.

The directors are unable to evaluate the overall financial impact on the business at present. Hence these financial statements do not include any adjustments that might result from the outcome of this uncertainty. The directors are continuing to monitor, assess and act to the current changing environment in order to position the company to ensure its future success.