

Defabs Engineering Limited

Annual Report and Unaudited Financial Statements
for the Period from 1 July 2018 to 31 December 2019

Defabs Engineering Limited

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Defabs Engineering Limited

Company Information

| | |
|--------------------------|--|
| Director | D P Jennings |
| Registered office | Clarke Street Derby DE1 2BU |
| Bankers | Co-operative Bank East Street Derby DE1 2AL |
| Accountants | Ashgates Corporate Services Limited 5 Prospect Place Millennium Way Pride Park Derby DE24 8HG |

**Chartered Certified Accountants' Report to the Director on the Preparation of the
Unaudited Statutory Accounts of
Defabs Engineering Limited
for the Period Ended 31 December 2019**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the accounts of Defabs Engineering Limited for the period ended 31 December 2019 as set out on pages 3 to 11 from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Association of Chartered Certified Accountants, we are subject to its ethical and other professional requirements which are detailed at

<http://www.accaglobal.com/en/member/professional-standards/rules-standards/acca-rulebook.html>.

This report is made solely to the Board of Directors of Defabs Engineering Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the accounts of Defabs Engineering Limited and state those matters that we have agreed to state to the Board of Directors of Defabs Engineering Limited, as a body, in this report in accordance with the requirements of the Association of Chartered Certified Accountants as detailed at

http://www.accaglobal.com/content/dam/ACCA_Global/Technical/fact/technical-factsheet-163.pdf. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Defabs Engineering Limited and its Board of Directors as a body for our work or for this report.

It is your duty to ensure that Defabs Engineering Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and loss of Defabs Engineering Limited. You consider that Defabs Engineering Limited is exempt from the statutory audit requirement for the period.

We have not been instructed to carry out an audit or a review of the accounts of Defabs Engineering Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

.....
Ashgates Corporate Services Limited
5 Prospect Place
Millennium Way
Pride Park
Derby
DE24 8HG

14 December 2020

Defabs Engineering Limited

(Registration number: 07410801)
Balance Sheet as at 31 December 2019

| | Note | 2019 £ | 2018 £ |
|--|-----------|------------------|------------------|
| Fixed assets | | | |
| Intangible assets | <u>4</u> | 261 | 786 |
| Tangible assets | <u>5</u> | 42,588 | 36,479 |
| | | <u>42,849</u> | <u>37,265</u> |
| Current assets | | | |
| Stocks | | 62,814 | 18,081 |
| Debtors | <u>6</u> | 1,213,643 | 1,013,303 |
| Cash at bank and in hand | | 237 | 89,094 |
| | | <u>1,276,694</u> | <u>1,120,478</u> |
| Creditors: Amounts falling due within one year | <u>12</u> | (1,342,191) | (848,400) |
| Net current (liabilities)/assets | | <u>(65,497)</u> | <u>272,078</u> |
| Total assets less current liabilities | | (22,648) | 309,343 |
| Creditors: Amounts falling due after more than one year | <u>12</u> | (119,632) | (95,500) |
| Provisions for liabilities | | <u>(6,665)</u> | <u>(5,341)</u> |
| Net (liabilities)/assets | | <u>(148,945)</u> | <u>208,502</u> |
| Capital and reserves | | | |
| Called up share capital | <u>7</u> | 10,099 | 10,099 |
| Profit and loss account | | <u>(159,044)</u> | <u>198,403</u> |
| Total equity | | <u>(148,945)</u> | <u>208,502</u> |

Defabs Engineering Limited

(Registration number: 07410801)

Balance Sheet as at 31 December 2019

For the financial period ending 31 December 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Director's responsibilities:

- The members have not required the company to obtain an audit of its accounts for the period in question in accordance with section 476; and
- The director acknowledges his 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 and 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 14 December 2020

.....

D P Jennings
Director

Defabs Engineering Limited

Notes to the Unaudited Financial Statements for the Period from 1 July 2018 to 31 December 2019

1 General information

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

The address of the registered office is given in the company information on page 1 of the financial statements.

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 financial statements are presented in Sterling (£) and rounded to the nearest £1.

Going concern

The emergence of the global pandemic known as Covid-19 has raised significant uncertainty throughout the UK economy since the balance sheet date. The Company is making use of the Government support schemes and is working closely with customers and suppliers to review their plans and expected activities in the coming months.

At the time of approving the accounts there is uncertainty over the projected income for the company because this pandemic is unprecedented so no one can accurately predict how the economy will react over the coming year.

Consideration has been given to the risks of reduced turnover, slow payment or non-payment of debts, the value of stock and other assets owned by the company. The going concern of the business will be dependent on achieving minimum income projections as well as on the continued financial support of shareholders and the Government support schemes.

Based on the information available and using a reasonable range of assumptions, the business can continue as a going concern and the accounts have been prepared on this basis.

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.

Defabs Engineering Limited

Notes to the Unaudited Financial Statements for the Period from 1 July 2018 to 31 December 2019

Tax

The tax expense for the period comprises current and deferred 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.

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 machinery | 15% reducing balance |
| Motor vehicles | 25% reducing balance |

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

| Asset class | Amortisation method and rate |
|--------------------|-------------------------------------|
| Goodwill | 10 years straight line |

Defabs Engineering Limited

Notes to the Unaudited Financial Statements for the Period from 1 July 2018 to 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.

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 are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

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 period, was 23 (2018 - 22).

Defabs Engineering Limited

Notes to the Unaudited Financial Statements for the Period from 1 July 2018 to 31 December 2019

4 Intangible assets

| | Goodwill £ | Total £ |
|--------------------------|---------------|------------|
| Cost or valuation | | |
| At 1 July 2018 | 3,500 | 3,500 |
| At 31 December 2019 | 3,500 | 3,500 |
| Amortisation | | |
| At 1 July 2018 | 2,714 | 2,714 |
| Amortisation charge | 525 | 525 |
| At 31 December 2019 | 3,239 | 3,239 |
| Carrying amount | | |
| At 31 December 2019 | 261 | 261 |
| At 30 June 2018 | 786 | 786 |

Defabs Engineering Limited

Notes to the Unaudited Financial Statements for the Period from 1 July 2018 to 31 December 2019

5 Tangible assets

| | Plant and machinery £ | Motor vehicles £ | Total £ |
|--------------------------|-----------------------------|---------------------|------------|
| Cost or valuation | | | |
| At 1 July 2018 | 52,799 | 43,141 | 95,940 |
| Additions | - | 22,168 | 22,168 |
| Disposals | - | (1,900) | (1,900) |
| At 31 December 2019 | 52,799 | 63,409 | 116,208 |
| Depreciation | | | |
| At 1 July 2018 | 32,113 | 27,348 | 59,461 |
| Charge for the year | 4,421 | 11,399 | 15,820 |
| Eliminated on disposal | - | (1,661) | (1,661) |
| At 31 December 2019 | 36,534 | 37,086 | 73,620 |
| Carrying amount | | | |
| At 31 December 2019 | 16,265 | 26,323 | 42,588 |
| At 30 June 2018 | 20,686 | 15,793 | 36,479 |

6 Debtors

| | Note | 2019 £ | 2018 £ |
|---|------|-----------|-----------|
| Trade debtors | | 1,111,834 | 886,924 |
| Amounts owed by group undertakings and undertakings in which the company has a participating interest | 10 | 11,682 | - |
| Other debtors | | 90,127 | 126,379 |
| | | 1,213,643 | 1,013,303 |

7 Share capital

Allotted, called up and fully paid shares

| | 2019 | | 2018 | |
|---------------------------|--------|--------|--------|--------|
| | No. | £ | No. | £ |
| Ordinary share of £1 each | 10,099 | 10,099 | 10,099 | 10,099 |

Defabs Engineering Limited

Notes to the Unaudited Financial Statements for the Period from 1 July 2018 to 31 December 2019

8 Loans and borrowings

| | 2019 £ | 2018 £ |
|---|-----------|-----------|
| Non-current loans and borrowings | | |
| Bank borrowings | 93,756 | 68,800 |
| HP and finance lease liabilities | 11,056 | - |
| | 104,812 | 68,800 |

| | 2019 £ | 2018 £ |
|-------------------------------------|-----------|-----------|
| Current loans and borrowings | | |
| Bank borrowings | 31,588 | 23,869 |
| Finance lease liabilities | 4,763 | 2,748 |
| Other borrowings | 362,767 | 350,250 |
| | 399,118 | 376,867 |

Other borrowings

Invoice discounting which is included in other borrowings with a carrying amount of £362,767 (2018 - £350,250) is denominated in sterling.

The invoice discounting facility is secured by virtue of a debenture including fixed and floating charges over all assets of the company.

The finance lease liabilities are secured against the asset to which they relate. The carrying amount at the year end is £16,164 (2018 - £10,462).

9 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 £116,667 (2018 - £151,667).

Defabs Engineering Limited

Notes to the Unaudited Financial Statements for the Period from 1 July 2018 to 31 December 2019

10 Related party transactions

Summary of transactions with other related parties

Directors of the company

At the balance sheet date the amounts owed to the directors amounted to £63,958 (2018 - £18,589).

11 Parent and ultimate parent undertaking

The company's immediate parent is Defabs Holdings Limited, incorporated in England.

The ultimate controlling party is D P Jennings.

12 Creditors

| | Note | 2019 £ | 2018 £ |
|---|----------|------------------|----------------|
| Due within one year | | | |
| Loans and borrowings | <u>8</u> | 399,118 | 376,867 |
| Trade creditors | | 134,203 | 301,491 |
| Taxation and social security | | 205,046 | 69,964 |
| Other creditors | | <u>603,824</u> | <u>100,078</u> |
| | | <u>1,342,191</u> | <u>848,400</u> |
| Due after one year | | | |
| Loans and borrowings | <u>8</u> | 104,812 | 68,800 |
| Other non-current financial liabilities | | <u>14,820</u> | <u>26,700</u> |
| | | <u>119,632</u> | <u>95,500</u> |

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.