

Abrasive Technology Ltd

Annual Report and Financial Statements
for the Year Ended 31 December 2022

Abrasive Technology Ltd

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Abrasive Technology Ltd

Company Information

Directors Clement David Wiekrykas
James Allen Barnhart
Scott Allan Narrol

Registered office Blackmarsh Road
Mochdre Business Park
Colwyn Bay
Conwy
LL28 5HA

Auditors Aston Hughes Limited
Selby Towers
29 Princes Drive
Colwyn Bay
Conwy
LL29 8PE

Abrasive Technology Ltd

(Registration number: 02874855) Balance Sheet as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	<u>4</u>	429,135	551,839
Current assets			
Stocks	<u>5</u>	304,964	226,901
Debtors	<u>6</u>	923,898	530,916
Cash at bank and in hand		<u>398,554</u>	<u>280,503</u>
		1,627,416	1,038,320
Creditors: Amounts falling due within one year	<u>7</u>	<u>(620,338)</u>	<u>(300,218)</u>
Net current assets		<u>1,007,078</u>	<u>738,102</u>
Total assets less current liabilities		1,436,213	1,289,941
Creditors: Amounts falling due after more than one year	<u>7</u>	(33,375)	(44,500)
Provisions for liabilities	<u>8</u>	<u>(247,873)</u>	<u>(43,725)</u>
Net assets		<u>1,154,965</u>	<u>1,201,716</u>
Capital and reserves			
Called up share capital	<u>9</u>	1,836,282	1,836,282
Retained earnings		<u>(681,317)</u>	<u>(634,566)</u>
Shareholders' funds		<u>1,154,965</u>	<u>1,201,716</u>

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. As permitted by section 444 (5A) of the Companies Act 2006, the directors have not delivered to the registrar a copy of the Profit and Loss Account.

Approved and authorised by the Board on 28 September 2023 and signed on its behalf by:

.....
James Allen Barnhart
Director

Abrasive Technology Ltd

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £	Retained earnings £	Total £
At 1 January 2022	1,836,282	(634,566)	1,201,716
Loss for the year	-	(46,751)	(46,751)
At 31 December 2022	1,836,282	(681,317)	1,154,965

	Share capital £	Revaluation reserve £	Retained earnings £	Total £
At 1 January 2021	1,836,282	146,214	(327,155)	1,655,341
Loss for the year	-	-	(453,625)	(453,625)
Other comprehensive income	-	(146,214)	146,214	-
Total comprehensive income	-	(146,214)	(307,411)	(453,625)
At 31 December 2021	1,836,282	-	(634,566)	1,201,716

Abrasive Technology Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

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:

Blackmarsh Road
Mochdre Business Park
Colwyn Bay
Conwy
LL28 5HA

These financial statements were authorised for issue by the Board on 28 September 2023.

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 smaller entities - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and the Companies Act 2006 (as applicable to companies subject to the small companies' regime).

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.

Summary of disclosure exemptions

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements:
- Section 33 'Related Party Disclosures' - the disclosure exemptions from paragraph 33.1A from disclosing transactions entered into between two or more members of a group.

Abrasive Technology Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

Going concern

The Company meets its day to day working capital requirements through capital and cash at bank and in hand. The Company has received a formal undertaking from its parent company that it will continue to provide financial support for the foreseeable future and for a period of at least twelve months from the date of signing the financial statements. On this basis, the director's consider it appropriate to prepare the financial statements on a going concern basis.

Audit report

The Independent Auditor's Report was qualified. The company has not been able provide the us with sufficient evidence to satisfy ourselves that staff costs of £1,070,216 in the Profit and Loss Account, and provisions for restructuring of £182,639 in the Balance Sheet relating to the closure of the discontinued location, are fairly stated. Consequently, we are unable to determine whether any adjustment to these amounts was necessary.. The name of the Senior Statutory Auditor who signed the audit report on 28 September 2023 was Gareth Lowe BSc ACA, who signed for and on behalf of Aston Hughes Limited.

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Key sources of estimation uncertainty

In preparing these financial statements, the director's have made the following judgements:

Key source of estimation uncertainty - work in progress

Work in progress valuation is estimated on a percentage of the sales price allocated to materials issued and labour costs incurred. Percentages are based on management's best estimate of the actual costs incurred for each individual project.

Key source of estimation uncertainty - stock valuation

Stock items may include an element of wastage incorporated into the cost. This is an estimate based off of stocktakes performed to confirm the amount of stock that is actually utilised in the production process for manufactured items.

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.

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Notes to the Financial Statements for the Year Ended 31 December 2022

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 rate on the date when the fair value is re-measured.

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

Tangible assets

Tangible assets are stated in the balance sheet 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
Freehold property	2-5% straight line
Leasehold property	Over the term of the lease
Plant and machinery	10% straight line
Fixtures and fittings	20% straight line

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.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

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.

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Notes to the Financial Statements for the Year Ended 31 December 2022

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 directors) during the year, was 38 (2021 - 32).

4 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Other tangible assets £	Total £
Cost or valuation				
At 1 January 2022	1,527,461	706,015	2,754,923	4,988,399
Additions	21,155	-	43,818	64,973
At 31 December 2022	1,548,616	706,015	2,798,741	5,053,372
Depreciation				
At 1 January 2022	1,390,896	704,201	2,341,461	4,436,558
Charge for the year	68,595	403	118,681	187,679
At 31 December 2022	1,459,491	704,604	2,460,142	4,624,237
Carrying amount				
At 31 December 2022	89,125	1,411	338,599	429,135
At 31 December 2021	136,563	1,814	413,462	551,839

Included within the net book value of land and buildings above is £89,126 (2021 - £104,440) in respect of freehold land and buildings and £Nil (2021 - £32,123) in respect of long leasehold land and buildings.

Abrasive Technology Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

5 Stocks

	2022	2021
	£	£
Work in progress	53,356	26,236
Other inventories	251,608	200,665
	<u>304,964</u>	<u>226,901</u>

6 Debtors

	2022	2021
Current	£	£
Trade debtors	846,336	437,482
Prepayments	47,562	63,434
Other debtors	30,000	30,000
	<u>923,898</u>	<u>530,916</u>

Abrasive Technology Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

7 Creditors

Creditors: amounts falling due within one year

	Note	2022 £	2021 £
Due within one year			
Trade creditors		100,308	98,791
Amounts owed to group undertakings and undertakings in which the company has a participating interest		406,282	115,645
Taxation and social security		56,611	29,643
Accruals and deferred income		51,485	52,267
Other creditors		5,652	3,872
		<u>620,338</u>	<u>300,218</u>

Bank of Scotland holds a fixed and floating charge over the assets of the company.

Creditors: amounts falling due after more than one year

	2022 £	2021 £
Due after one year		
Deferred income	<u>33,375</u>	<u>44,500</u>

8 Provisions for liabilities

	Restructuring £	Dilapidations £	Total £
At 1 January 2022	-	43,725	43,725
Additional provisions	182,639	-	182,639
Increase (decrease) in existing provisions	<u>-</u>	<u>21,509</u>	<u>21,509</u>
At 31 December 2022	<u>182,639</u>	<u>65,234</u>	<u>247,873</u>

The provisions relate to the associated costs of closing one of the company's sites after the balance sheet date. As a constructive obligation existed at the balance sheet date, these costs have been recognised in the period and are expected to be settled in the year to 31 December 2023.

The company has also recognised £30,000 in other debtors in respect of the refundable deposit on the site which closed after the balance sheet date.

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Notes to the Financial Statements for the Year Ended 31 December 2022

9 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	1,836,282	1,836,282	1,836,282	1,836,282

10 Reserves

The changes to each component of equity resulting from items of other comprehensive income for the prior year were as follows:

	Revaluation reserve £	Retained earnings £	Total £
Surplus/deficit on property, plant and equipment revaluation	-	146,214	146,214
Surplus/deficit on revaluation of other assets	(146,214)	-	(146,214)
	(146,214)	146,214	-

11 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	1,246	79,700
Later than one year and not later than five years	-	6,642
	1,246	86,342

The amount of non-cancellable operating lease payments recognised as an expense during the year was £15,008 (2021 - £19,597).

12 Parent and ultimate parent undertaking

The company's immediate parent is Abrasive Technology Inc., incorporated in USA. The registered office of Abrasive Technology Inc. is 8400 Green Meadows Dr, PO Box 545, Lewis Centre, OH, 43035, United States of America.

The ultimate controlling party is Blue Sea Capital Fund Ii Active.

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.