

Ensinger Precision Engineering Limited

Report and Financial Statements

31 March 2019



Directors

K Ensinger
R Reber
P David
G Davies
T Maggs

Auditors

Ernst & Young LLP
The Paragon
Counterslip
Bristol BS1 6BX

Bankers

HSBC plc
97 Bute Street
Cardiff CF10 5NA

Solicitors

Hugh James LLP
114-116 St Mary St
Cardiff, CF10 1DY

Registered Office

Ensinger
Wilfried Way,
Parc Eirin
Tonyrefail
Rhondda Cynon Taff CF39 8JQ
United Kingdom

Registered No. 04628465

Directors' report

The directors present their report and financial statements for the year ended 31 March 2019.

Principal activity and review of the business

The company's principal activity during the year continued to be plastics engineering.

Directors

The directors who served the company during the year and appointed subsequently were as follows:

K Ensinger
R Reber
G Davies
P David
T Maggs

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.


Small company exemptions

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

On behalf of the Board

G Davies

Date:


16 / 9 / 2019.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' applicable for smaller entities. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENSINGER PRECISION ENGINEERING LIMITED

Opinion

We have audited the financial statements of Ensinger Precision Engineering Limited (the 'Company') for the year ended 31 March 2019 which comprise of the Profit and Loss Account, the Balance Sheet and the Statement of Changes in Equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provisions available for small entities, in the circumstances set out in note 1 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENSINGER PRECISION ENGINEERING LIMITED (continued)

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENSINGER PRECISION ENGINEERING LIMITED (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Paul Mapleston (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Bristol

17 September 2019

Profit and loss account

for the year ended 31 March 2019

		2019	2018
	Notes	£	£
Turnover	2	5,753,694	4,425,795
Cost of sales		<u>(4,271,180)</u>	<u>(3,439,573)</u>
Gross profit		1,482,514	986,222
Administrative expenses		<u>(992,617)</u>	<u>(1,022,609)</u>
Profit / (loss) on ordinary activities before taxation	3	489,897	(36,387)
Tax		<u>(95,880)</u>	<u>16,093</u>
Profit / (loss) for the financial year		<u>394,017</u>	<u>(20,294)</u>

The notes on pages 10 to 16 form part of these financial statements.

All amounts relate to continuing operations.

Balance sheet

at 31 March 2019

	Notes	2019 £	2018 £
Fixed Assets			
Tangible assets	6	98,876	113,895
Current assets			
Stocks	7	780,712	734,153
Debtors	8	1,274,154	845,728
Cash at bank and in hand		46,345	25,599
		<u>2,101,211</u>	<u>1,605,480</u>
Creditors: amounts falling due within one year	9	<u>(1,777,539)</u>	<u>(1,192,948)</u>
Net current asset		<u>323,672</u>	<u>412,532</u>
Net asset		<u>422,548</u>	<u>526,427</u>
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account		<u>422,448</u>	<u>526,327</u>
Shareholders' funds		<u>422,548</u>	<u>526,427</u>


The notes on pages 10 to 16 form part of these financial statements.

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act of 2006.

These financial statements were authorised and approved for issue on behalf of the Board of Directors by

G Davies

Date:


16 / 9 / 2019.

Statement of changes in equity

for the year ended 31 March 2019

	<i>Called-up share capital</i>	<i>Profit and loss account</i> £	<i>Total</i> £
At 1 April 2017	100	546,621	546,721
Loss for the year	–	(20,294)	(20,294)
At 31 March 2018	100	526,327	526,427
Profit for the year	–	394,017	394,017
Equity dividends (Note 11)	–	(497,896)	(497,896)
At 31 March 2019	100	422,448	422,548

Notes to the financial statements

at 31 March 2019

1. Accounting policies

Ensinger Precision Engineering Limited is a private company limited by share capital incorporated in England and Wales. The registered office is Ensinger, Wilfried Way, Parc Eirin, Tonyrefail, Rhondda Cynon Taff, CF39 8JQ which is also the principal place of business.

Statement of compliance

The company's financial statements and the related notes on pages 10 to 16 have been prepared in accordance with FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland. In complying with FRS 102, the company has taken advantage of the reduced disclosures available to small entities in Section 1A of FRS 102.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The functional currency of Ensinger Precision Engineering Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Going concern

The directors consider that the use of going concern basis is appropriate because there are no material uncertainties that may cast significant doubt about the ability of the company to continue as a going concern.

The company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and therefore shares banking arrangements with its parent and fellow subsidiaries.

The directors, having assessed the responses of the directors of the company's parent Ensinger Group Limited to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Ensinger group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Ensinger Group Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus, they continue to prepare the annual financial statements on a going concern basis.

Tangible fixed assets

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

Plant and machinery – over 8 years straight line basis

Small value plant and machinery is written off in the year of purchase.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced in respect of goods sold and services provided during the year, exclusive of Value Added Tax. Revenue is recognised as earned when, and to the extent that, the company obtains the right to consideration in exchange for its performance under these contracts.

Notes to the financial statements

at 31 March 2019

1. Accounting policies (continued)

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress is valued on the basis of direct cost 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.

Research and Development

Expenditure on research and development, to the extent that it does not meet the criteria of FRS102, is fully written off during the year as it is incurred.

Financial instruments

Financial assets and liabilities are recognised/(derecognised) when the company becomes/(ceases to be) party to the contractual provisions of the instrument. The company holds the following financial assets and liabilities:

- Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment ("doubtful debts") are recognised in the profit and loss account before operating profit.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing differences. Deferred tax assets are generally recognised for all deductible timing differences to the extent that it is probable that taxable profits will be available against which those deductible timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Notes to the financial statements

at 31 March 2019

1. Accounting policies (continued)

Taxation (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Critical accounting judgements

In the application of the company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The following are the critical judgements and estimates that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

- *Provision is made against slow moving or obsolete stock to reduce the carrying value to its estimated net realisable amount.*

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity, as stated in the directors' report.

An analysis of turnover by geographical market is given below:

	2019 £	2018 £
UK	5,348,215	3,961,136
Europe	391,852	352,472
Rest of the world	13,627	111,957
	<u>5,753,694</u>	<u>4,425,565</u>

An analysis of the company's revenue is as follows:

	2019 £	2018 £
Revenue from sales of goods	<u>5,753,694</u>	<u>4,425,565</u>

Notes to the financial statements

at 31 March 2019

3. Operating Profit

This is stated after charging:

	2019 £	2018 £
Auditors' remuneration – as auditors	6,250	6,138
– for other services	1,116	1,116
Operating lease rentals – plant and machinery	190,612	197,585
– land and buildings	82,150	82,150
– motor vehicles	4,757	5,262
– equipment	30,316	21,850
Gain on translation of foreign currency	242	34

4. Directors' remuneration

During the year the directors received remuneration of £58,950 (2018 – £58,870) in respect of qualifying services performed for the company. The directors' remuneration has been paid by the immediate parent undertaking, Ensinger Group Limited.

The only key management personnel are the directors. The aggregate compensation paid to them is the amount shown above.

5. Staff

	2019 £	2018 £
Wages and salaries	2,095,938	1,887,045
Social security costs	198,031	194,241
Other pension costs	99,207	80,397
	2,393,176	2,161,684

The average monthly number of employees during the year was made up as follows:

	2019 No.	2018 No.
Administration and management	7	6
Sales	6	6
Production	55	52
	68	64

Notes to the financial statements

at 31 March 2019

6. Tangible fixed assets

	<i>Plant and machinery</i> £
Cost:	
At 1 April 2018	120,153
Additions	–
Disposals	–
At 31 March 2019	<u>120,153</u>
Depreciation:	
At 1 April 2018	6,258
Provided during year	<u>15,019</u>
At 31 March 2019	<u>21,277</u>
Net book value:	
At 31 March 2019	<u>98,876</u>
At 1 April 2018	<u>113,895</u>

7. Stocks

	2019 £	2018 £
Raw materials	187,807	151,143
Work in progress	180,234	175,223
Finished goods	<u>412,671</u>	<u>407,787</u>
	<u>780,712</u>	<u>734,153</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

8. Debtors

	2019 £	2018 £
Trade debtors	1,184,920	762,734
Amounts owed by group undertakings	50,688	35,708
Deferred tax asset	14,494	17,617
Prepayments and accrued income	<u>24,052</u>	<u>29,669</u>
	<u>1,274,154</u>	<u>845,728</u>

Notes to the financial statements

at 31 March 2019

9. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	156,578	124,408
PAYE and social security costs	57,814	55,142
VAT	311,364	131,743
Owed to group undertakings	1,251,783	881,655
	<u>1,777,539</u>	<u>1,192,948</u>

10. Issued share capital

		2019 £		2018 £
<i>Allotted, called up and fully paid</i>	<i>No.</i>		<i>No.</i>	
Ordinary shares of £1 each	100	<u>100</u>	100	<u>100</u>

11. Dividends

	2019 £	2018 £
Equity dividends paid at £4,979 per ordinary £1 share (2018 – £nil)	<u>497,896</u>	<u>–</u>

12. Other financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

		2019		2018
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£	£	£	£
Within one year	82,150	170,341	82,150	200,317
Between two and five years	–	444,634	–	533,313
After five years	–	183,292	–	304,190
	<u>82,150</u>	<u>798,267</u>	<u>82,150</u>	<u>1,037,820</u>

Notes to the financial statements

at 31 March 2019

13. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Ensinger Group Limited, a company registered in England and Wales. The directors regard Ensinger Holding GmbH & Co Kg, a company registered in Germany, as the ultimate parent undertaking and controlling party. Ensinger GmbH is controlled by the W Ensinger family.

Copies of the group financial statements of Ensinger Group Limited may be obtained from Companies House. Copies of the financial statements of Ensinger Holding GmbH & Co Kg are held at Rudolf Diesel Strasse, 71154 Nufringen.