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**PRECISION PARTS ENGINEERING LIMITED**

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**FINANCIAL STATEMENTS**

**INFORMATION FOR FILING WITH THE REGISTRAR**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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COMPANIES HOUSE

**PRECISION PARTS ENGINEERING LIMITED**  
**REGISTERED NUMBER: 05257520**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	Unaudited 2016 £
<b>Fixed assets</b>			
Intangible assets	4	73,607	115,247
Tangible assets	5	271,684	358,506
		<u>345,291</u>	<u>473,753</u>
<b>Current assets</b>			
Stocks	6	95,219	62,038
Debtors: amounts falling due within one year	7	2,525,349	2,344,988
Cash at bank and in hand	8	395,597	264,752
		<u>3,016,165</u>	<u>2,671,778</u>
Creditors: amounts falling due within one year	9	(619,618)	(578,951)
<b>Net current assets</b>		<u>2,396,547</u>	<u>2,092,827</u>
<b>Total assets less current liabilities</b>		<u>2,741,838</u>	<u>2,566,580</u>
Creditors: amounts falling due after more than one year	10	(119,034)	(138,111)
<b>Provisions for liabilities</b>			
Deferred tax	11	(41,388)	(41,388)
<b>Net assets</b>		<u><u>2,581,416</u></u>	<u><u>2,387,081</u></u>
<b>Capital and reserves</b>			
Called up share capital		9,500	9,500
Profit and loss account		2,571,916	2,377,581
		<u><u>2,581,416</u></u>	<u><u>2,387,081</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 May 2018.

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**PRECISION PARTS ENGINEERING LIMITED**  
**REGISTERED NUMBER: 05257520**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2017**

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**C Ball**  
Director



The notes on pages 3 to 12 form part of these financial statements.

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## PRECISION PARTS ENGINEERING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1. General information

The Company is a private limited company registered in England (no. 05257520).

The registered office address is:

Unit 7 Rosewood Park  
St James' Road  
Blackburn  
Lancashire  
BB1 8ET

The principal activity is the manufacture of precision machined parts for Aerospace, Defence, Automotive, Chemical, Nuclear and General Engineering industries.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

##### 2.2 Going concern

The directors have considered their expectations, forecasts and projections for the foreseeable future and have a reasonable expectation that the company will have adequate resources to finance operations. On this basis, the directors continue to adopt the going concern basis in preparing the financial statements.

##### 2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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## PRECISION PARTS ENGINEERING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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## 2. Accounting policies (continued)

### 2.4 Intangible assets

#### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life.

#### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

### 2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- 20%
Plant and machinery	- 10-20%
Motor vehicles	- 20%
Fixtures and fittings	- 14%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

### 2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is 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.

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## PRECISION PARTS ENGINEERING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### **2. Accounting policies (continued)**

##### **2.7 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### **2.8 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### **2.9 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

##### **2.10 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### **2.11 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

##### **2.12 Finance costs**

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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## PRECISION PARTS ENGINEERING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 2. Accounting policies (continued)

##### 2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

##### 2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

##### 2.15 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### 2.16 Pensions

###### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

##### 2.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance sheet date.

##### 2.18 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

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## PRECISION PARTS ENGINEERING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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## 2. Accounting policies (continued)

### 2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

### 2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## 3. Employees

The average monthly number of employees, including directors, during the year was 34 (2016 - 36).



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PRECISION PARTS ENGINEERING LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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4. Intangible assets

	Goodwill £
<b>Cost</b>	
At 1 January 2017	700,000
At 31 December 2017	<u>700,000</u>
<b>Amortisation</b>	
At 1 January 2017	584,753
Charge for the year	41,640
At 31 December 2017	<u>626,393</u>
<b>Net book value</b>	
At 31 December 2017	<u>73,607</u>
At 31 December 2016	<u>115,247</u>

**PRECISION PARTS ENGINEERING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**5. Tangible fixed assets**

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>					
At 1 January 2017	24,624	1,765,671	16,995	60,676	1,867,966
Additions	-	14,961	15,995	3,749	34,705
At 31 December 2017	24,624	1,780,632	32,990	64,425	1,902,671
<b>Depreciation</b>					
At 1 January 2017	24,624	1,427,245	16,995	40,596	1,509,460
Charge for the year on owned assets	-	103,430	6,398	11,699	121,527
At 31 December 2017	24,624	1,530,675	23,393	52,295	1,630,987
<b>Net book value</b>					
At 31 December 2017	-	249,957	9,597	12,130	271,684
At 31 December 2016	-	338,426	-	20,080	358,506

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Plant and machinery	249,957	338,426

**6. Stocks**

	2017 £	2016 £
Raw materials and consumables	95,219	62,038

Inventory costs expensed to cost of sales in the period £445,471 (2016: £395,497).

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**PRECISION PARTS ENGINEERING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**7. Debtors**

	2017 £	2016 £
Trade debtors	754,123	651,688
Amounts owed by group undertakings	1,758,904	1,683,167
Prepayments and accrued income	12,322	10,133
	<u>2,525,349</u>	<u>2,344,988</u>

**8. Cash and cash equivalents**

	2017 £	2016 £
Cash at bank and in hand	<u>395,597</u>	<u>264,752</u>

**9. Creditors: Amounts falling due within one year**

	2017 £	2016 £
Trade creditors	241,209	208,704
Corporation tax	72,930	17,727
Other taxation and social security	77,428	86,041
Obligations under finance lease and hire purchase contracts	100,682	209,638
Other creditors	1,117	12,844
Accruals and deferred income	126,252	43,997
	<u>619,618</u>	<u>578,951</u>

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**PRECISION PARTS ENGINEERING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. Creditors: Amounts falling due after more than one year**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Net obligations under finance leases and hire purchase contracts	<b>105,356</b>	105,356
Accruals and deferred income	<b>13,678</b>	32,755
	<b><u>119,034</u></b>	<b><u>138,111</u></b>

**Secured loans**

Obligations under finance leases and hire purchase contracts are secured on the assets concerned. All fall due within 5 years.

**11. Deferred taxation**

	<b>2017</b>
	<b>£</b>
At beginning of year	<b>(41,388)</b>
Charged to profit or loss	-
<b>At end of year</b>	<b><u>(41,388)</u></b>

The provision for deferred taxation is made up as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	<b><u>(41,388)</u></b>	<b><u>(41,388)</u></b>

**12. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £49,107 (2016 - £54,791) .

**13. Related party transactions**

The Company has taken advantage of FRS 102 not to disclose details of transactions entered into between two or more members of the same 100% group.

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**PRECISION PARTS ENGINEERING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**14. Controlling party**

The company's ultimate parent undertaking and controlling party is Blue Spark Holdings Limited, registered in England.

**15. Auditors' information**

The auditors' report on the financial statements for the year ended 31 December 2017 was unqualified.

The audit report was signed on 22 August 2018 by Michael Jayson (Senior statutory auditor) on behalf of Crowe U.K. LLP.