

Company Registration No. 05949902 (England and Wales)

(MKP) MAINE OFFICE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018
PAGES FOR FILING WITH REGISTRAR



(MKP) MAINE OFFICE LIMITED

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(MKP) MAINE OFFICE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2018

The directors present the strategic report for the year ended 31 October 2018.

Fair review of the business

During 2018 we continued to see concerns about Brexit and market uncertainty influence the spending plans of our potential customer base. This impacted our trading results, and turnover decreased by 13% compared to the prior year. We continue to provide office furniture for banks and financial institutions in the UK, have worked hard over the past year to introduce new product ranges and have continued discussions with customers in The Republic of Ireland to develop new markets.

Following a strategic review in 2016 and 2017 the company successfully reduced its cost base in all areas and we now operate more efficiently with a decreased headcount, having obtained efficiency improvements across sales, distribution and production. We continue to review our pricing strategy with selected high volume customers. Due to the reduction in turnover, gross margins have decreased year on year as several of our costs are semi fixed in nature. Although the business has reported a trading loss in the year, the directors are satisfied that progress on the strategic plan to return the business to profitability remains on track and in our opinion the business is well placed to benefit from increased activity. It is also pleasing to note that the company made trading profits in each of the last four months of the financial year.

Principal risks and uncertainties

The directors are satisfied that the company's financial risks are being correctly managed. The business finances its investment in plant and machinery using a combination of long term loans and finance lease arrangements. The repayment terms are agreed with the lenders on a basis designed to provide stability to the company and without creating an unnecessary cash flow burden. In addition, the business has an invoice discounting facility, and access to holding company funds, which are available to provide working capital as required.

Development and performance

The directors are pleased to report that the business continues to receive a number of sales enquiries from both new and existing customers. We will continue to develop our product range, and are well placed to win further new business in the coming year. We are pleased to report trading profits in the first quarter of our 2019 financial year.

Since the company operates from a sound financial position they are encouraged by future prospects and look forward to seeing an improvement in trading during 2019.

On behalf of the board



Mr M Read

Director

11 March 2019

(MKP) MAINE OFFICE LIMITED

BALANCE SHEET

AS AT 31 OCTOBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Intangible assets	4		1,000		1,000
Tangible assets	5		13,243		11,480
			<u>14,243</u>		<u>12,480</u>
Current assets					
Stocks	7	266,889		235,578	
Debtors	8	683,330		520,168	
Cash at bank and in hand		163,823		400,209	
		<u>1,114,042</u>		<u>1,155,955</u>	
Creditors: amounts falling due within one year	9	<u>(1,234,590)</u>		<u>(1,111,793)</u>	
Net current (liabilities)/assets			<u>(120,548)</u>		<u>44,162</u>
Total assets less current liabilities			<u>(106,305)</u>		<u>56,642</u>
Creditors: amounts falling due after more than one year	10		(500,000)		(500,000)
Net liabilities			<u>(606,305)</u>		<u>(443,358)</u>
Capital and reserves					
Called up share capital	12		100		100
Profit and loss reserves			(606,405)		(443,458)
Total equity			<u>(606,305)</u>		<u>(443,358)</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

The financial statements were approved by the board of directors and authorised for issue on 11 March 2019 and are signed on its behalf by:


Mr M Read
Director

Company Registration No. 05949902

(MKP) MAINE OFFICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

1 Accounting policies

Company information

(MKP) Maine Office Limited is a private company limited by shares incorporated in England and Wales.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements have been prepared on a going concern basis. The directors have reviewed the trading and cash flow forecasts of the company and concluded that based on the forecast results and the undertaking of financial support provided by its parent undertaking, that the company should be able to meet its liabilities as they fall due for the foreseeable future.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Turnover is recognised as contracted activity progresses, so that amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work completed after provision for contingencies and anticipated future losses on contracts.

Money owed in respect of sales at the year end is shown gross in debtors with amounts due under the invoice discounting agreement included in creditors.

1.4 Intangible fixed assets - goodwill

Negative goodwill arising on acquisition has been released to the profit and loss account in equal instalments.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

(MKP) MAINE OFFICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 OCTOBER 2018**

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	Straight line over 3 to 10 years
Fixtures, fittings & equipment	Straight line over 3 years
Motor vehicles	Straight line over 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the profit and loss account.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss account, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the profit and loss account. Reversals of impairment losses are also recognised in the profit and loss account.

(MKP) MAINE OFFICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2018

1 Accounting policies

(Continued)

1.9 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the profit and loss account, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through the profit and loss account, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

(MKP) MAINE OFFICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2018

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 reporting end date.

(MKP) MAINE OFFICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2018

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date 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. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.15 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

(MKP) MAINE OFFICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2018

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Amounts recoverable on long term contracts

FRS 102 requires that when the outcome of a transaction can be estimated reliably, an entity shall recognise revenue associated with the transaction by reference to the stage of completion of the transaction. The entity estimates the sales value associated with work in progress with reference to the gross margin achieved on sales. The gross amount relating to amounts recoverable on long term contracts is recognised in debtors and the estimated gross margin is recognised in revenue. Details of the amounts recoverable on long term contracts is set out in note 12.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Management, admin and sales	5	6
Production	8	13
	<u>13</u>	<u>19</u>

4 Intangible fixed assets

	Goodwill £	Patents £	Total £
Cost			
At 1 November 2017 and 31 October 2018	103,258	1,000	104,258
Amortisation and impairment			
At 1 November 2017 and 31 October 2018	103,258	-	103,258
Carrying amount			
At 31 October 2018	-	1,000	1,000
At 31 October 2017	-	1,000	1,000

Negative goodwill arose on the acquisition of the assets and liabilities of Maine Office Limited and has been released to the profit and loss account in equal instalments.

(MKP) MAINE OFFICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2018

5 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 November 2017	109,439	34,810	18,500	162,749
Additions	4,580	-	-	4,580
At 31 October 2018	114,019	34,810	18,500	167,329
Depreciation and impairment				
At 1 November 2017	97,959	34,810	18,500	151,269
Depreciation charged in the year	2,817	-	-	2,817
At 31 October 2018	100,776	34,810	18,500	154,086
Carrying amount				
At 31 October 2018	13,243	-	-	13,243
At 31 October 2017	11,480	-	-	11,480

6 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	589,125	243,248
Carrying amount of financial liabilities		
Measured at amortised cost	1,192,149	1,083,546

7 Stocks

	2018 £	2017 £
Raw materials and consumables	266,889	235,578

8 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	589,125	243,248
Gross amounts owed by contract customers	89,321	150,126
Corporation tax recoverable	-	7,485
Prepayments and accrued income	4,884	119,309
	683,330	520,168

(MKP) MAINE OFFICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2018

9 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	99,689	175,623
Amounts owed to group undertakings	1,054,980	875,050
Other taxation and social security	42,441	28,247
Accruals and deferred income	37,480	32,873
	<u>1,234,590</u>	<u>1,111,793</u>

10 Creditors: amounts falling due after more than one year

	Notes	2018	2017
		£	£
Other borrowings	11	<u>500,000</u>	<u>500,000</u>

11 Loans and overdrafts

	2018	2017
	£	£
Loans from group undertakings	<u>500,000</u>	<u>500,000</u>
Payable after one year	<u>500,000</u>	<u>500,000</u>

There is a cross company guarantee in place between (MKP) Maine Office Limited and Milton Keynes Pressings Limited, its parent undertaking.

12 Share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	<u>100</u>	<u>100</u>

13 Equity reserve

The amount of profit or loss, after tax that is retained by the company.

(MKP) MAINE OFFICE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2018

14 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Philip Fenn ACA FCCA.

The auditor was Mercer & Hole.

15 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018	2017
	£	£
Within one year	9,000	9,000
	<u>9,000</u>	<u>9,000</u>

16 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018	2017
	£	£
Aggregate compensation	102,913	93,141
	<u>102,913</u>	<u>93,141</u>

The company has taken advantage of the exemption in FRS 102 section 33.1A from the requirement to disclose transactions with group companies on the grounds that any subsidiary which is a party to the transaction is wholly owned by such a member.

17 Controlling party

The company's immediate and ultimate parent undertaking is Milton Keynes Pressings Limited, a company registered in England and Wales.

Milton Keynes Pressings Limited prepares consolidated group financial statements which are available to the public at 420 Silbury Boulevard, Milton Keynes, Buckinghamshire, MK9 2AF.

The company's ultimate controlling party is M Read by virtue of his shareholding in Milton Keynes Pressings Limited.