

ARCC INNOVATIONS LIMITED

Directors' Report and

Financial Statements

for the Year Ended 31 May 2015

MONDAY



A15

A4KSYW8J

23/11/2015

COMPANIES HOUSE

#111

ARCC INNOVATIONS LIMITED

**Contents of the Financial Statements
for the year ended 31 May 2015**

	Page
Company Information	1
Directors' Report	2
Independent Auditors' Report	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6
Trading and Profit and Loss Account	11

ARCC INNOVATIONS LIMITED

**Company Information
for the year ended 31 May 2015**

Directors:

E Atkin
D O'Brien
R Virciglio

Secretary:

R I Harris

Registered office:

16 Rosemont Road
London
NW3 6NE

Registered number:

08028128 (England and Wales)

Auditors:

Haines Watts
Chartered Accountants and Statutory Auditors
New Derwent House
69-73 Theobalds Road
London
WC1X 8TA

ARCC INNOVATIONS LIMITED

Directors' Report for the year ended 31 May 2015

The directors present their report with the financial statements of the company for the year ended 31 May 2015.

Principal activity

The principal activity of the company in the year under review was that of a research and development centre, acting as an incubator for engineering and related projects.

Results and dividends

The results for the year are set out on page 5.

Directors

The directors shown below have held office during the whole of the period from 1 June 2014 to the date of this report.

E Atkin
D O'Brien
R Virciglio

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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). 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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

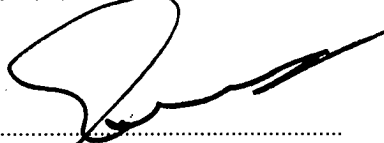
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

On behalf of the board:



E Atkin - Director

Date:

19/4/15

**Independent Auditors' Report to the Members of
ARCC Innovations Limited**

We have audited the financial statements of ARCC Innovations Limited for the year ended 31 May 2015 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2015 and of its loss 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.

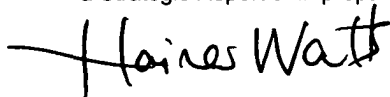
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

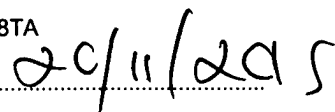
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.



Esther Wood (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants and Statutory Auditors
New Derwent House
69-73 Theobalds Road
London
WC1X 8TA

Date:



ARCC INNOVATIONS LIMITED

**Profit and Loss Account
for the year ended 31 May 2015**

	Notes	2015 £	2014 £
Turnover		11,331	-
Cost of sales		<u>(22,098)</u>	-
Gross loss		(10,767)	-
Administrative expenses		<u>(709,266)</u>	<u>(580,692)</u>
Operating loss and Loss on ordinary activities before taxation	3	(720,033)	(580,692)
Tax on loss on ordinary activities	4	-	-
Loss for the financial year		<u>(720,033)</u>	<u>(580,692)</u>

Continuing operations

None of the company's activities were acquired or discontinued during the current year or previous year.

Total recognised gains and losses

The company has no recognised gains or losses other than the losses for the current year or previous year.

The notes form part of these financial statements

ARCC INNOVATIONS LIMITED (REGISTERED NUMBER: 08028128)

Balance Sheet
31 May 2015

	Notes	£	2015 £	2014 £
Fixed assets				
Tangible assets	5		481,388	517,311
Current assets				
Stocks	6	24,000	-	-
Debtors	7	160,511	17,788	
Cash in hand		359	611	
		184,870	18,399	
Creditors				
Amounts falling due within one year	8	2,347,252	1,496,671	
Net current liabilities			(2,162,382)	(1,478,272)
Total assets less current liabilities			(1,680,994)	(960,961)
Capital and reserves				
Called up share capital	10		100	100
Profit and loss account	11		(1,681,094)	(961,061)
Shareholders' funds	14		(1,680,994)	(960,961)

The financial statements were approved by the Board of Directors on
signed on its behalf by:

19/11/15

and were



E Atkin, Director

The notes form part of these financial statements

ARCC INNOVATIONS LIMITED

Notes to the Financial Statements for the year ended 31 May 2015

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

An undertaking has been received from E Atkin and C J Atkin that they will continue to provide the necessary financial support to enable the company to continue in operational existence and meet its liabilities as they fall due for the foreseeable future being a period of at least 12 months from the date of approval of these financial statements.

In addition, further undertakings have been provided by E Atkin, C J Atkin and C A Holdings Plc, the company's parent undertaking, that they will not seek repayment of any amounts owed by the company for a period of at least 12 months from the date of approval of these financial statements.

On the basis of these undertakings the directors have concluded that it is appropriate to prepare the financial statements on the going concern basis.

Financial reporting standard number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents income receivable for the year net of VAT.

Tangible fixed assets

Tangible assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the costs less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	15% straight line
Fixtures, fittings & equipment	15% straight line
Motor vehicles	25% straight line
Computer equipment	25% straight line

Stocks

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

Deferred tax

Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. The company has not adopted a policy of discounting deferred tax assets and liabilities.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. All the differences are taken to profit and loss account.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights controlled within the group.

ARCC INNOVATIONS LIMITED

**Notes to the Financial Statements - continued
for the year ended 31 May 2015**

1. Accounting policies - continued

Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

2. Staff costs

	2015	2014
	£	£
Wages and salaries	288,791	236,880
Social security costs	27,618	26,815
Other pension costs	5,073	4,550
	<u>321,482</u>	<u>268,245</u>

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

2015	2014
<u> </u>	<u> </u>

3. Operating loss

The operating loss is stated after charging/(crediting):

	2015	2014
	£	£
Depreciation - owned assets	139,195	118,680
Auditors remuneration (including expenses and benefits in kind)	7,500	7,500
Foreign exchange differences	(570)	63
Research and development	<u>81,172</u>	<u>75,668</u>

Directors' remuneration	<u>-</u>	<u>-</u>
-------------------------	-----------------	-----------------

4. Taxation

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 May 2015 nor for the year ended 31 May 2014.

ARCC INNOVATIONS LIMITED

Notes to the Financial Statements - continued for the year ended 31 May 2015

4. Taxation - continued

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2015 £	2014 £
Loss on ordinary activities before tax	<u>(720,033)</u>	<u>(580,692)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2014 - 23%)	(144,007)	(133,559)
Effects of:		
Capital allowances in excess of depreciation	(27,696)	(53,765)
Depreciation add back	-	27,296
Unrelieved tax losses	<u>171,703</u>	<u>160,028</u>
Current tax charge	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The company has estimated losses of £1,124,460 (2014 - £1,124,459) available for carry forward against future trading profits.

There is a deferred tax asset of £224,892 (2014: £236,136) which has risen in relation to tax losses, however this asset has not been provided for as there is insufficient evidence that the asset will be recoverable in the immediate future.

5. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Cost					
At 1 June 2014	618,673	30,355	-	78,062	727,090
Additions	<u>45,599</u>	<u>7,427</u>	<u>33,420</u>	<u>16,826</u>	<u>103,272</u>
At 31 May 2015	<u>664,272</u>	<u>37,782</u>	<u>33,420</u>	<u>94,888</u>	<u>830,362</u>
Depreciation					
At 1 June 2014	164,293	7,671	-	37,815	209,779
Charge for year	<u>99,641</u>	<u>7,477</u>	<u>8,355</u>	<u>23,722</u>	<u>139,195</u>
At 31 May 2015	<u>263,934</u>	<u>15,148</u>	<u>8,355</u>	<u>61,537</u>	<u>348,974</u>
Net book value					
At 31 May 2015	<u>400,338</u>	<u>22,634</u>	<u>25,065</u>	<u>33,351</u>	<u>481,388</u>
At 31 May 2014	<u>454,380</u>	<u>22,684</u>	<u>-</u>	<u>40,247</u>	<u>517,311</u>

6. Stocks

	2015 £	2014 £
Finished goods	<u>24,000</u>	<u>-</u>

ARCC INNOVATIONS LIMITED

**Notes to the Financial Statements - continued
for the year ended 31 May 2015**

7. Debtors: amounts falling due within one year

	2015	2014
	£	£
Trade debtors	2,665	-
Other debtors	13,850	9,401
Prepayments and accrued income	143,996	8,387
	<u>160,511</u>	<u>17,788</u>

8. Creditors: amounts falling due within one year

	2015	2014
	£	£
Bank loans and overdrafts (see note 9)	869,346	65,778
Trade creditors	66,327	58,061
Amounts owed to group undertakings	1,389,807	1,355,129
Social security and other taxes	11,311	8,071
Other creditors	632	-
Accruals and deferred income	9,829	9,632
	<u>2,347,252</u>	<u>1,496,671</u>

9. Loans

An analysis of the maturity of loans is given below:

	2015	2014
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>869,346</u>	<u>65,778</u>

10. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2015	2014
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

11. Reserves

	Profit and loss account
	£
At 1 June 2014	(961,061)
Deficit for the year	(720,033)
At 31 May 2015	<u>(1,681,094)</u>

12. Related party disclosures

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 8 Related Party Disclosures, not to disclose related party transactions with wholly owned subsidiaries within the group.

ARCC INNOVATIONS LIMITED

**Notes to the Financial Statements - continued
for the year ended 31 May 2015**

13. Ultimate controlling party

The company's immediate parent undertaking is C.A. Holdings Plc, a company registered in England and Wales.

E Atkin and C J Atkin are the ultimate controlling parties of the parent undertaking by virtue of their shareholding of 45% and 29% respectively.

14. Reconciliation of movements in shareholders' funds

	2015	2014
	£	£
Loss for the financial year	<u>(720,033)</u>	<u>(580,692)</u>
Net reduction of shareholders' funds	(720,033)	(580,692)
Opening shareholders' funds	<u>(960,961)</u>	<u>(380,269)</u>
Closing shareholders' funds	<u><u>(1,680,994)</u></u>	<u><u>(960,961)</u></u>