

ARCC INNOVATIONS LIMITED

Financial Statements

for the Year Ended 31 May 2019

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ARCC INNOVATIONS LIMITED

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for the year ended 31 May 2019**

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ARCC INNOVATIONS LIMITED

**Company Information
for the year ended 31 May 2019**

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)

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

Balance Sheet
31 May 2019

	Notes	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	4		217,295		195,825
Current assets					
Stocks	5	209,500		216,000	
Debtors	6	156,210		181,677	
Cash at bank and in hand		69,744		104,960	
		<u>435,454</u>		<u>502,637</u>	
Creditors					
Amounts falling due within one year	7	4,017,491		4,029,200	
Net current liabilities			<u>(3,582,037)</u>		<u>(3,526,563)</u>
Total assets less current liabilities			<u>(3,364,742)</u>		<u>(3,330,738)</u>
Creditors					
Amounts falling due after more than one year	8		1,100,000		250,000
Net liabilities			<u>(4,464,742)</u>		<u>(3,580,738)</u>
Capital and reserves					
Called up share capital	9		100		100
Retained earnings	10		<u>(4,464,842)</u>		<u>(3,580,838)</u>
Shareholders' funds			<u>(4,464,742)</u>		<u>(3,580,738)</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 May 2019.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 May 2019 in accordance with Section 476 of the Companies Act 2006.


The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

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

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors on 25-02-2020 and were signed on its behalf by:


.....
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 2019

1. Statutory information

ARCC Innovations Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. Accounting policies

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover comprises revenue recognised by the company in respect of goods exclusive of value added tax and trade discount. Turnover is recognised on despatch of goods from the warehouse.

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 and fittings	15% straight line
Motor vehicles	15% straight line
Computer equipment	25% straight line

Stocks

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

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates 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 transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

Short term employee benefits including holiday pay and annual bonuses are accrued as services are rendered. Contributions to defined contribution pension schemes are charged to profit or loss as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the balance sheet.

ARCC INNOVATIONS LIMITED

Notes to the Financial Statements - continued for the year ended 31 May 2019

2. Accounting policies - continued

Financial instruments policy

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and bank overdrafts which are an integral part of the company's cash management.

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Key sources of estimation uncertainty and judgements

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgement that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

There is uncertainty in calculating stock provisions. Slow moving and obsolete stocks are monitored during the year. Individual sales margins are reviewed to identify any stock sold at less than cost and provisions raised where necessary. Whilst every attempt is made to ensure that the stock provisions are as accurate as possible, there remain a risk that the provisions do not match the ultimate unrealised value of stock held.

Going concern

The Company meets its day-to-day working capital requirements through its bank facilities and directors loans. The directors will 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. The directors, therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis in preparing the financial statements.

3. Employees and directors

The average number of employees during the year was 12 (2018 - 10).

ARCC INNOVATIONS LIMITED

**Notes to the Financial Statements - continued
for the year ended 31 May 2019**

4. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Cost					
At 1 June 2018	718,992	81,302	33,420	131,055	964,769
Additions	114,535	19,553	-	13,857	147,945
At 31 May 2019	<u>833,527</u>	<u>100,855</u>	<u>33,420</u>	<u>144,912</u>	<u>1,112,714</u>
Depreciation					
At 1 June 2018	580,050	43,143	33,420	112,331	768,944
Charge for year	101,197	12,771	-	12,507	126,475
At 31 May 2019	<u>681,247</u>	<u>55,914</u>	<u>33,420</u>	<u>124,838</u>	<u>895,419</u>
Net book value					
At 31 May 2019	<u>152,280</u>	<u>44,941</u>	<u>-</u>	<u>20,074</u>	<u>217,295</u>
At 31 May 2018	<u>138,942</u>	<u>38,159</u>	<u>-</u>	<u>18,724</u>	<u>195,825</u>

5. Stocks

	2019 £	2018 £
Raw materials	133,500	111,000
Work-in-progress	2,000	9,000
Finished goods	74,000	96,000
	<u>209,500</u>	<u>216,000</u>

6. Debtors: amounts falling due within one year

	2019 £	2018 £
Trade debtors	26,749	22,605
Amounts owed by group undertakings	12,834	8,168
Other debtors	116,627	150,904
	<u>156,210</u>	<u>181,677</u>

7. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	26,556	58,187
Amounts owed to group undertakings	102,675	85,162
Taxation and social security	13,375	11,047
Other creditors	3,874,885	3,874,804
	<u>4,017,491</u>	<u>4,029,200</u>

8. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Other creditors	<u>1,100,000</u>	<u>250,000</u>

ARCC INNOVATIONS LIMITED

Notes to the Financial Statements - continued for the year ended 31 May 2019

9. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
100	Ordinary	£1	<u>100</u>	<u>100</u>

10. Reserves

	Retained earnings £
At 1 June 2018	(3,580,838)
Deficit for the year	<u>(884,004)</u>
At 31 May 2019	<u><u>(4,464,842)</u></u>

11. Related party disclosures

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

As at the balance sheet date, ARCC Innovations Limited owed £3,864,570 (2018: £3,861,993) to a company controlled by the directors.

Included within other creditors falling due after more than one year is £1,100,000 (2018: £250,000) owed to the director of the company. The loan is unsecured and no interest is accruing on the loan.

12. Ultimate controlling party

The company's parent company and largest group to consolidate these financial statements is Welbourne Holdings Limited, a company registered in England and Wales.

The ultimate controlling party is E Atkin.