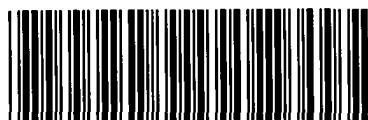


ARCC INNOVATIONS LIMITED
Unaudited Financial Statements
for the Year Ended 31 May 2018

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ARCC INNOVATIONS LIMITED

**Company Information
for the year ended 31 May 2018**

Directors:

E Atkin
D O'Brien
R Virgilio

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

ARCC INNOVATIONS LIMITED (REGISTERED NUMBER: 08028128)

**Balance Sheet
31 May 2018**

	Notes	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	4		195,825		281,533
Current assets					
Stocks	5	216,000		197,500	
Debtors	6	181,677		42,930	
Cash at bank and in hand		104,960		305	
		<u>502,637</u>		<u>240,735</u>	
Creditors					
Amounts falling due within one year	7	4,029,200		3,689,614	
Net current liabilities			<u>(3,526,563)</u>		<u>(3,448,879)</u>
Total assets less current liabilities			<u>(3,330,738)</u>		<u>(3,167,346)</u>
Creditors					
Amounts falling due after more than one year	8		250,000		-
Net liabilities			<u>(3,580,738)</u>		<u>(3,167,346)</u>
Capital and reserves					
Called up share capital	9		100		100
Retained earnings	10		<u>(3,580,838)</u>		<u>(3,167,446)</u>
Shareholders' funds			<u>(3,580,738)</u>		<u>(3,167,346)</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 May 2018.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 May 2018 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- 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 of Part 15 of the Companies Act 2006 relating to small companies.

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 20/02/2019 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 2018

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 the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 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.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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.

ARCC INNOVATIONS LIMITED

Notes to the Financial Statements - continued for the year ended 31 May 2018

2. Accounting policies - continued

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.

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 source 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 10 (2017 - 10).

ARCC INNOVATIONS LIMITED

**Notes to the Financial Statements - continued
for the year ended 31 May 2018**

4. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Cost					
At 1 June 2017	717,293	50,868	33,420	119,574	921,155
Additions	1,699	30,434	-	11,481	43,614
At 31 May 2018	718,992	81,302	33,420	131,055	964,769
Depreciation					
At 1 June 2017	472,202	33,096	25,065	109,259	639,622
Charge for year	107,848	10,047	8,355	3,072	129,322
At 31 May 2018	580,050	43,143	33,420	112,331	768,944
Net book value					
At 31 May 2018	138,942	38,159	-	18,724	195,825
At 31 May 2017	245,091	17,772	8,355	10,315	281,533

5. Stocks

	2018 £	2017 £
Raw materials	111,000	115,500
Work-in-progress	9,000	8,000
Finished goods	96,000	74,000
	<u>216,000</u>	<u>197,500</u>

6. Debtors: amounts falling due within one year

	2018 £	2017 £
Trade debtors	22,605	11,334
Amounts owed by group undertakings	8,168	-
Other debtors	150,904	31,596
	<u>181,677</u>	<u>42,930</u>

7. Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loans and overdrafts	-	2,291,932
Trade creditors	58,187	18,906
Amounts owed to group undertakings	85,162	1,356,415
Taxation and social security	11,047	10,057
Other creditors	3,874,804	12,304
	<u>4,029,200</u>	<u>3,689,614</u>

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

	2018 £	2017 £
Other creditors	250,000	-

ARCC INNOVATIONS LIMITED

**Notes to the Financial Statements - continued
for the year ended 31 May 2018**

9. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018	2017
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

10. Reserves

	Retained earnings £
At 1 June 2017	(3,167,446)
Deficit for the year	(413,392)
At 31 May 2018	<u>(3,580,838)</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 £3,861,993 (2017: £1,208,297) to a company controlled by the directors.

As at the balance sheet date, included within other creditors is £250,000 (2017: £nil) owed to the director of the company. The loan is unsecured and no interest is accrued on the loan.

As at the balance sheet date, £50,730 due to companies controlled by the directors, have been forgiven.

12. Ultimate controlling party

The company's parent company is Welbourne Holdings Limited, a company registered in England and Wales.

The ultimate controlling party is E. Atkin.