

Company Registration No. 01569429 (England and Wales)

FRICTION COMPONENTS AND SYSTEMS LIMITED

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

PAGES FOR FILING WITH REGISTRAR

**PM+M Solutions for Business LLP
Chartered Accountants
New Century House
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB**

FRICTION COMPONENTS AND SYSTEMS LIMITED

COMPANY INFORMATION

Director	Mr D Devlin
Company number	01569429
Accountants	PM+M Solutions for Business LLP New Century House Greenbank Technology Park Challenge Way Blackburn Lancashire BB1 5QB

FRICTION COMPONENTS AND SYSTEMS LIMITED

CONTENTS

	Page
Balance sheet	1 - 2
Notes to the financial statements	3 - 8

FRICTION COMPONENTS AND SYSTEMS LIMITED

BALANCE SHEET

AS AT 30 JUNE 2019

		2019	2018
	Notes	£	£
Fixed assets			
Tangible assets	3	229,590	68,079
Investments	4	90,000	90,000
		<u>319,590</u>	<u>158,079</u>
Current assets			
Stocks		19,250	21,000
Debtors	5	174,074	224,258
Cash at bank and in hand		1,130	2,730
		<u>194,454</u>	<u>247,988</u>
Creditors: amounts falling due within one year	6	<u>(167,856)</u>	<u>(223,894)</u>
Net current assets		<u>26,598</u>	<u>24,094</u>
Total assets less current liabilities		<u>346,188</u>	<u>182,173</u>
Creditors: amounts falling due after more than one year	7	(182,952)	(98,845)
Provisions for liabilities		<u>(43,463)</u>	<u>(11,375)</u>
Net assets		<u><u>119,773</u></u>	<u><u>71,953</u></u>
Capital and reserves			
Called up share capital	8	1,600	1,600
Share premium account		16,477	16,477
Other reserves		500	500
Profit and loss reserves		101,196	53,376
Total equity		<u><u>119,773</u></u>	<u><u>71,953</u></u>

FRICTION COMPONENTS AND SYSTEMS LIMITED

BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2019

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

For the financial year ended 30 June 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

The financial statements were approved and signed by the director and authorised for issue on 30 March 2020

Mr D Devlin

Director

Company Registration No. 01569429

FRICTION COMPONENTS AND SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.3 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.4 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.

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:

Leasehold land and buildings	33% - Straight line
Plant and equipment	15% - Reducing balance
Computers	25% - Reducing balance

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 profit or loss.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

FRICTION COMPONENTS AND SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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 profit or loss, 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 profit or loss, 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.

1.7 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.

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 profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash at bank and in hand

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.

1.9 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.

FRICITION COMPONENTS AND SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

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.

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.

1.10 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.

1.11 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.

FRICTION COMPONENTS AND SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

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.

1.12 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.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 9 (2018 - 11).

FRICTION COMPONENTS AND SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

3 Tangible fixed assets

	Leasehold land and buildings	Plant and equipment	Computers	Total
	£	£	£	£
Cost				
At 1 July 2018	3,270	157,963	3,886	165,119
Additions	-	177,373	500	177,873
At 30 June 2019	3,270	335,336	4,386	342,992
Depreciation and impairment				
At 1 July 2018	1,350	93,218	2,472	97,040
Depreciation charged in the year	1,080	14,813	469	16,362
At 30 June 2019	2,430	108,031	2,941	113,402
Carrying amount				
At 30 June 2019	840	227,305	1,445	229,590
At 30 June 2018	1,920	64,745	1,414	68,079

4 Fixed asset investments

	2019 £	2018 £
Investments	90,000	90,000

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 July 2018 & 30 June 2019	90,000
Carrying amount	
At 30 June 2019	90,000
At 30 June 2018	90,000

FRICTION COMPONENTS AND SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

5 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	48,579	108,335
Amounts owed by group undertakings	4,051	108,160
Other debtors	113,629	-
Prepayments and accrued income	7,815	7,763
	<u>174,074</u>	<u>224,258</u>

6 Creditors: amounts falling due within one year

	2019	2018
	£	£
Bank loans and overdrafts	3,087	42,018
Obligations under finance leases	50,754	15,275
Other borrowings	45,058	38,200
Trade creditors	52,369	91,516
Other taxation and social security	4,031	18,649
Other creditors	8,971	14,817
Accruals and deferred income	3,586	3,419
	<u>167,856</u>	<u>223,894</u>

The borrowings and obligations under finance leases are secured against the assets to which they relate.

7 Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Obligations under finance leases	119,298	14,711
Other borrowings	63,654	84,134
	<u>182,952</u>	<u>98,845</u>

The borrowings and obligations under finance leases are secured against the assets to which they relate.

8 Called up share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
1,600 Ordinary A of £1 each	<u>1,600</u>	<u>1,600</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.