

Company Registration No. 02179444 (England and Wales)

**ADPAK MACHINERY SYSTEMS LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

**PAGES FOR FILING WITH REGISTRAR**

# **ADPAK MACHINERY SYSTEMS LIMITED**

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# ADPAK MACHINERY SYSTEMS LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	3	1,636,995		1,640,238	
<b>Current assets</b>					
Stocks		1,382,509		1,035,144	
Debtors	4	1,706,770		1,979,158	
Cash at bank and in hand		1,093,999		1,057,632	
		<u>4,183,278</u>		<u>4,071,934</u>	
<b>Creditors: amounts falling due within one year</b>	5	<u>(2,627,283)</u>		<u>(2,827,885)</u>	
<b>Net current assets</b>			1,555,995		1,244,049
<b>Total assets less current liabilities</b>			<u>3,192,990</u>		<u>2,884,287</u>
<b>Creditors: amounts falling due after more than one year</b>	6		(534,084)		(583,684)
<b>Provisions for liabilities</b>			<u>(99,650)</u>		<u>(99,650)</u>
<b>Net assets</b>			<u>2,559,256</u>		<u>2,200,953</u>
<b>Capital and reserves</b>					
Called up share capital	8		50		50
Revaluation reserve			760,716		760,716
Capital redemption reserve			50		50
Profit and loss reserves			<u>1,798,440</u>		<u>1,440,137</u>
<b>Total equity</b>			<u>2,559,256</u>		<u>2,200,953</u>

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

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 by the board of directors and authorised for issue on 12 January 2021 and are signed on its behalf by:

J Farrow  
Director

Company Registration No. 02179444

# ADPAK MACHINERY SYSTEMS LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 April 2018</b>		54	577,680	46	1,392,023	1,969,803
<b>Year ended 31 March 2019:</b>						
Profit for the year		-	-	-	622,114	622,114
Other comprehensive income:						
Revaluation of tangible fixed assets		-	183,036	-	-	183,036
Total comprehensive income for the year		-	183,036	-	622,114	805,150
Dividends		-	-	-	(400,000)	(400,000)
Own shares acquired		-	-	-	(174,000)	(174,000)
Redemption of shares	8	(4)	-	4	-	-
<b>Balance at 31 March 2019</b>		50	760,716	50	1,440,137	2,200,953
<b>Year ended 31 March 2020:</b>						
Profit and total comprehensive income for the year		-	-	-	608,303	608,303
Dividends		-	-	-	(250,000)	(250,000)
<b>Balance at 31 March 2020</b>		50	760,716	50	1,798,440	2,559,256

# ADPAK MACHINERY SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies

#### Company information

Adpak Machinery Systems Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3 Pendleside, Lomeshaye Industrial Estate, Nelson, Lancashire, BB9 6RY.

#### 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.

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

Towards the end of the financial year and continuing post year end, the Covid-19 pandemic has had a major impact on the global economy. The company however has experienced an increase in orders from its customer base, a trend the directors believe will continue for the foreseeable future.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 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.

Revenue from service contracts are recognised over the period of the contract on a straight line basis.

#### 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:

Freehold land and buildings	2% per annum on revalued amount
Plant and equipment	25% per annum on reducing balance
Motor vehicles	33% per annum on 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.

# ADPAK MACHINERY SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies

(Continued)

#### 1.5 Impairment of fixed assets

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.

#### 1.6 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.

#### 1.7 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks.

#### 1.8 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 measured at transaction price including transaction costs.

##### **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.

# ADPAK MACHINERY SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

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.

#### **1.9 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.

#### **1.10 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.

##### **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.

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.

#### **1.11 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.

#### **1.12 Retirement benefits**

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

# ADPAK MACHINERY SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 1 Accounting policies

(Continued)

#### 1.13 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.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

### 2 Employees

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

	2020 Number	2019 Number
Total	36	37

### 3 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 April 2019	1,252,511	615,290	498,549	2,366,350
Additions	36,245	47,861	123,333	207,439
Disposals	-	-	(131,452)	(131,452)
At 31 March 2020	1,288,756	663,151	490,430	2,442,337
<b>Depreciation and impairment</b>				
At 1 April 2019	-	536,902	189,210	726,112
Depreciation charged in the year	-	45,781	117,331	163,112
Eliminated in respect of disposals	-	-	(83,882)	(83,882)
At 31 March 2020	-	582,683	222,659	805,342
<b>Carrying amount</b>				
At 31 March 2020	1,288,756	80,468	267,771	1,636,995
At 31 March 2019	1,252,511	78,388	309,339	1,640,238



# ADPAK MACHINERY SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 3 Tangible fixed assets

(Continued)

The company's property was revalued during 2018 at a value of £1,200,000 by Eckersley, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2020 £	2019 £
Cost	503,350	503,350
Accumulated depreciation	(52,602)	(43,835)
Carrying value	<u>450,748</u>	<u>459,515</u>

### 4 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,243,513	1,462,710
Deposits paid to suppliers	373,327	471,335
Other debtors	-	510
Prepayments and accrued income	89,930	44,603
	<u>1,706,770</u>	<u>1,979,158</u>

### 5 Creditors: amounts falling due within one year

	2020 £	2019 £
Bank loans and overdrafts	29,014	16,764
Trade creditors	955,636	1,007,351
Other taxation and social security	507,828	562,354
Other creditors	1,134,805	1,241,416
	<u>2,627,283</u>	<u>2,827,885</u>

The company's bank loan is secured by a legal mortgage on the company's freehold property and a fixed and floating charge on the assets of the company.

The bank loan is repayable over a term of twenty years commencing in 2018 and bears interest at 2.25% above bank base rate.

Obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

# ADPAK MACHINERY SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 6 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts		435,343	470,456
Obligations under finance lease and hire purchase contracts	7	98,741	113,228
		<u>534,084</u>	<u>583,684</u>

The company's bank loan is secured by a legal mortgage on the company's freehold property and a fixed and floating charge on the assets of the company.

The bank loan is repayable over a term of twenty years commencing in 2018 and bears interest at 2.25% above bank base rate.

Obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

### 7 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Within one year	103,778	91,325
In two to five years	72,641	70,580
In over five years	26,099	42,648
	<u>202,518</u>	<u>204,553</u>

Finance lease payments represent rentals payable by the company for certain motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 8 Called up share capital

	2020 £	2019 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
50 Ordinary shares of £1 each	50	50
	<u>50</u>	<u>50</u>

During the prior year the company purchased 4 of its own share capital. The consideration paid of £174,000 was paid out of the company's existing reserves.

# ADPAK MACHINERY SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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### 9 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 Anthony Reynolds.

The auditor was Azets Audit Services.

### 10 Operating lease commitments

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

2020	2019
£	£
14,389	22,863
<u>14,389</u>	<u>22,863</u>

### 11 Financial instruments

#### Derivatives

Forward currency contracts

At 31 March 2020, the company had entered into forward currency contracts. As at this date, the company had a commitment to purchase Euros to a total value of €662,420, at a pre-agreed exchange rate.

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.