

Dustacco Engineering Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2018

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Dustacco Engineering Limited

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Dustacco Engineering Limited

Company Information

Directors Miss L H Somerville
Miss A M Somerville

Registered office Tower Works
Stoneygate Road
Newmilns
Ayrshire
KA16 9AJ

Accountants Alexander Marshall
Chartered Accountants
84 Hamilton Road
Motherwell
Lanarkshire
ML1 3BY

Dustacco Engineering Limited
(Registration number: SC042982)
Balance Sheet as at 31 December 2018

| | Note | 2018 £ | 2017 £ |
|--|-------------------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 4 | 449,737 | 295,097 |
| Current assets | | | |
| Stocks | 5 | 21,942 | 20,277 |
| Debtors | 6 | 1,196,612 | 1,067,832 |
| Cash at bank and in hand | | <u>1,047,636</u> | <u>642,435</u> |
| | | 2,266,190 | 1,730,544 |
| Creditors: Amounts falling due within one year | 7 | <u>(985,102)</u> | <u>(596,355)</u> |
| Net current assets | | <u>1,281,088</u> | <u>1,134,189</u> |
| Total assets less current liabilities | | 1,730,825 | 1,429,286 |
| Creditors: Amounts falling due after more than one year | 7 | (59,320) | (35,525) |
| Provisions for liabilities | | <u>(55,257)</u> | <u>(21,988)</u> |
| Net assets | | <u><u>1,616,248</u></u> | <u><u>1,371,773</u></u> |
| Capital and reserves | | | |
| Called up share capital | | 30,000 | 30,000 |
| Revaluation reserve | | 40,094 | 40,094 |
| Profit and loss account | | <u>1,546,154</u> | <u>1,301,679</u> |
| Total equity | | <u><u>1,616,248</u></u> | <u><u>1,371,773</u></u> |

For the financial year ending 31 December 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The notes on pages [4](#) to [11](#) form an integral part of these financial statements.

Dustacco Engineering Limited
(Registration number: SC042982)
Balance Sheet as at 31 December 2018

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised by the Board on 24 May 2019 and signed on its behalf by:

Miss A M Somerville

Director

The notes on pages [4](#) to [11](#) form an integral part of these financial statements.

Dustacco Engineering Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

The company is a private company limited by share capital incorporated in Scotland. The company registration number is SC042982.

The address of its registered office is:
Tower Works
Stoneygate Road
Newmilns
Ayrshire
KA16 9AJ

These financial statements were authorised for issue by the Board on 24 May 2019.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are presented in Sterling, which is the company's functional currency. All financial information is presented in Sterling and has been rounded to the nearest pound.

Changes in accounting policy

New standards, interpretations and amendments effective

The following have been applied for the first time from 1 January 2018 and have had an effect on the financial statements:

Change to depreciation of motor vehicles policy

Motor vehicles are now depreciated over 4 years and 5 years dependent on the classification of the vehicle.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:
The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Dustacco Engineering Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Government grants

Government grants in respect of capital expenditure are credited to deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Grants of a revenue nature are credited to income so as to match them with expenditure to which they relate.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation. The previous revaluation of the freehold property is deemed to be cost under FRS 102 1A.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

| Asset class | Depreciation method and rate |
|---|--|
| Freehold property and property improvements | 2.5% reducing balance/15% reducing balance |
| Plant and machinery | 15% reducing balance |
| Fixtures, fittings and office equipment | 15% reducing balance and 25% straight line |
| Motor vehicles | 20% and 25% straight line |

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Dustacco Engineering Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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Notes to the Financial Statements for the Year Ended 31 December 2018

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 59 (2017 - 53).

Dustacco Engineering Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

4 Tangible assets

| | Land and buildings £ | Furniture, fittings and equipment £ | Motor vehicles £ | Other tangible assets £ | Total £ |
|---------------------------|-------------------------------------|--|---------------------------------|--|-----------------------|
| Cost or valuation | | | | | |
| At 1 January 2018 | 246,085 | 63,523 | 51,571 | 354,814 | 715,993 |
| Additions | 5,948 | 23,028 | 58,363 | 132,005 | 219,344 |
| Disposals | - | (3,016) | - | (2,685) | (5,701) |
| At 31 December 2018 | <u>252,033</u> | <u>83,535</u> | <u>109,934</u> | <u>484,134</u> | <u>929,636</u> |
| Depreciation | | | | | |
| At 1 January 2018 | 141,105 | 42,794 | - | 236,998 | 420,897 |
| Charge for the year | 7,521 | 9,593 | 16,413 | 26,680 | 60,207 |
| Eliminated on disposal | - | - | - | (1,205) | (1,205) |
| At 31 December 2018 | <u>148,626</u> | <u>52,387</u> | <u>16,413</u> | <u>262,473</u> | <u>479,899</u> |
| Carrying amount | | | | | |
| At 31 December 2018 | <u><u>103,407</u></u> | <u><u>31,148</u></u> | <u><u>93,521</u></u> | <u><u>221,661</u></u> | <u><u>449,737</u></u> |
| At 31 December 2017 | <u><u>104,981</u></u> | <u><u>20,729</u></u> | <u><u>51,571</u></u> | <u><u>117,816</u></u> | <u><u>295,097</u></u> |

Included within the net book value of land and buildings above is £103,407 (2017 - £104,981) in respect of freehold land and buildings.

Dustacco Engineering Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

5 Stocks

| | 2018 | 2017 |
|-------------------|-------------|-------------|
| | £ | £ |
| Other inventories | 21,942 | 20,277 |

6 Debtors

| | 2018 | 2017 |
|---------------------------------------|-------------|-------------|
| | £ | £ |
| Trade debtors | 1,136,307 | 1,029,643 |
| Other debtors | 60,305 | 38,189 |
| | 1,196,612 | 1,067,832 |
| Less non-current portion | - | (3,699) |
| Total current trade and other debtors | 1,196,612 | 1,064,133 |

Dustacco Engineering Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

7 Creditors

Creditors: amounts falling due within one year

| | Note | 2018 £ | 2017 £ |
|------------------------------|-------------------|-----------|-----------|
| Due within one year | | | |
| Bank loans and overdrafts | 8 | 20,780 | 15,327 |
| Trade creditors | | 523,660 | 245,715 |
| Taxation and social security | | 306,246 | 209,678 |
| Other creditors | | 134,416 | 125,635 |
| | | 985,102 | 596,355 |

Creditors: amounts falling due after more than one year

| | Note | 2018 £ | 2017 £ |
|---------------------------|-------------------|-----------|-----------|
| Due after one year | | | |
| Loans and borrowings | 8 | 59,320 | 35,525 |

8 Loans and borrowings

| | | 2018 £ | 2017 £ |
|---|--|-----------|-----------|
| Non-current loans and borrowings | | | |
| Finance lease liabilities | | 59,320 | 35,525 |

| | | 2018 £ | 2017 £ |
|-------------------------------------|--|-----------|-----------|
| Current loans and borrowings | | | |
| Finance lease liabilities | | 20,780 | 15,327 |

9 Dividends

| | | 2018 £ | 2017 £ |
|--|--|-----------|-----------|
| Interim dividend of £1 (2017 - £1.00) per ordinary share | | 30,000 | 30,000 |

Dustacco Engineering Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

10 Financial commitments, guarantees and contingencies

Amounts not provided for in the balance sheet

The total amount of financial commitments not included in the balance sheet is £108,819 (2017 - £106,640). At the year end the company had commitments under non-cancellable operating leases for equipment and motor vehicles.

11 Related party transactions

Summary of transactions with other related parties

Watermiser Limited - controlled and owned by the same directors and shareholders

Loans from related parties

There were no loan transactions in the year to 31 December 2018.

| | Other related parties |
|--------------------|------------------------------|
| | £ |
| 2017 | |
| At start of period | 120,000 |
| Repaid | <u>(120,000)</u> |
| At end of period | <u>-</u> |

Terms of loans from related parties

Loans are repayable on demand and interest is not charged on the outstanding balance.