

Southcroft Engineering Co. Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 30 June 2018

Landin Wilcock & Co
Chartered Accountants
68 Queen Street
Sheffield
South Yorkshire
S1 1WR

Southcroft Engineering Co. Limited

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**Chartered Accountants' Report to the Board of Directors on the
Preparation of the Unaudited Statutory Accounts of
Southcroft Engineering Co. Limited
for the Year Ended 30 June 2018**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the accounts of Southcroft Engineering Co. Limited for the year ended 30 June 2018 as set out on pages [2](#) to [11](#) from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>.

This report is made solely to the Board of Directors of Southcroft Engineering Co. Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the accounts of Southcroft Engineering Co. Limited and state those matters that we have agreed to state to the Board of Directors of Southcroft Engineering Co. Limited, as a body, in this report in accordance with ICAEW Technical Release 07/16 AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Southcroft Engineering Co. Limited and its Board of Directors as a body for our work or for this report.

It is your duty to ensure that Southcroft Engineering Co. Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit of Southcroft Engineering Co. Limited. You consider that Southcroft Engineering Co. Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the accounts of Southcroft Engineering Co. Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

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Landin Wilcock & Co
Chartered Accountants
68 Queen Street
Sheffield
South Yorkshire
S1 1WR

4 December 2018

Southcroft Engineering Co. Limited

(Registration number: 01014222)

Balance Sheet as at 30 June 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	4	54,801	71,225
Investments	5	<u>2</u>	<u>2</u>
		<u>54,803</u>	<u>71,227</u>
Current assets			
Stocks	6	21,900	35,000
Debtors	7	144,104	243,448
Cash at bank and in hand		<u>399,476</u>	<u>247,709</u>
		565,480	526,157
Creditors: Amounts falling due within one year	8	<u>(223,409)</u>	<u>(267,601)</u>
Net current assets		<u>342,071</u>	<u>258,556</u>
Total assets less current liabilities		396,874	329,783
Creditors: Amounts falling due after more than one year	8	-	(3,847)
Provisions for liabilities		<u>(7,621)</u>	<u>(8,753)</u>
Net assets		<u>389,253</u>	<u>317,183</u>
Capital and reserves			
Called up share capital	9	1,320	1,320
Profit and loss account		<u>387,933</u>	<u>315,863</u>
Total equity		<u>389,253</u>	<u>317,183</u>

For the financial year ending 30 June 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.

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.

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.

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

Southcroft Engineering Co. Limited

(Registration number: 01014222)

Balance Sheet as at 30 June 2018

Approved and authorised by the Board on 10 November 2018 and signed on its behalf by:

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Mr R Thorpe
Director

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

Southcroft Engineering Co. Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

68 Queen Street
Sheffield
South Yorkshire
S1 1WR
United Kingdom

The principal place of business is:

Thurcroft Industrial Estate
New Orchard Road
Thurcroft
Rotherham
S66 9HY

These financial statements were authorised for issue by the Board on 10 November 2018.

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.

The presentation and functional currency is considered to be pounds sterling because that is the currency in the primary economic environment in which the company operates.

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.

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.

Southcroft Engineering Co. Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

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.

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
Land and Buildings	2% Straight line
Plant and Machinery	10% Reducing balance
Fixtures and Fittings	10% Reducing balance and 20% straight line
Motor Vehicles	25% Reducing balance

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

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.

Southcroft Engineering Co. Limited

Notes to the Financial Statements for the Year Ended 30 June 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.

Leases

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.

Southcroft Engineering Co. Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

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.

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument. 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.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 14 (2017 - 14).

Southcroft Engineering Co. Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

4 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other tangible assets £	Total £
Cost or valuation					
At 1 July 2017	9,493	57,496	67,452	165,596	300,037
Additions	-	-	-	1,266	1,266
Disposals	-	-	(18,398)	-	(18,398)
At 30 June 2018	9,493	57,496	49,054	166,862	282,905
Depreciation					
At 1 July 2017	4,640	46,568	42,701	134,903	228,812
Charge for the year	130	2,370	4,247	3,181	9,928
Eliminated on disposal	-	-	(10,636)	-	(10,636)
At 30 June 2018	4,770	48,938	36,312	138,084	228,104
Carrying amount					
At 30 June 2018	4,723	8,558	12,742	28,778	54,801
At 30 June 2017	4,853	10,928	24,751	30,693	71,225

Included within the net book value of land and buildings above is £4,723 (2017 - £4,853) in respect of freehold land and buildings.

5 Investments

	2018 £	2017 £
Investments in subsidiaries	2	2
Subsidiaries		
£		
Cost or valuation		
At 1 July 2017		2
Carrying amount		
At 30 June 2018		2
At 30 June 2017		2

Southcroft Engineering Co. Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2018	2017
Subsidiary undertakings				
Meden Stainless Equipment Limited	68 Queen Street Sheffield S1 1WR England	Ordinary	100%	100%

The principal activity of Meden Stainless Equipment Limited is Dormant

6 Stocks

	2018	2017
	£	£
Raw materials and consumables	13,400	19,500
Work in progress	8,500	15,500
	<u>21,900</u>	<u>35,000</u>

Southcroft Engineering Co. Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

7 Debtors

	2018 £	2017 £
Trade debtors	125,697	224,441
Other debtors	18,407	19,007
	144,104	243,448
Total current trade and other debtors	144,104	243,448

8 Creditors

Creditors: amounts falling due within one year

	Note	2018 £	2017 £
Due within one year			
Bank loans and overdrafts	10	3,847	6,594
Trade creditors		51,188	64,040
Amounts owed to group undertakings and undertakings in which the company has a participating interest		2	2
Taxation and social security		26,597	35,228
Other creditors		81,004	54,093
Directors Loan		60,771	107,644
		223,409	267,601
		223,409	267,601

Creditors: amounts falling due after more than one year

	Note	2018 £	2017 £
Due after one year			
Loans and borrowings	10	-	3,847
		-	3,847
		-	3,847

9 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary Shares of £1 each	1,320	1,320	1,320	1,320
		1,320	1,320	1,320
		1,320	1,320	1,320

Southcroft Engineering Co. Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

10 Loans and borrowings

	2018 £	2017 £
Non-current loans and borrowings		
Finance lease liabilities	-	3,847
	<u> </u>	<u> </u>
	2018 £	2017 £
Current loans and borrowings		
Finance lease liabilities	3,847	6,594
Directors Loan	60,771	107,644
	<u> </u>	<u> </u>
	<u>64,618</u>	<u>114,238</u>

The finance lease liabilities are secured against the assets.