

SENCON (UK) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016



SENCON (UK) LIMITED

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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016


	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	4	471,073	517,419
Investments	5	1,000	1,000
		<u>472,073</u>	<u>518,419</u>
CURRENT ASSETS			
Stocks	6	998,285	887,138
Debtors: amounts falling due within one year	7	2,313,982	1,576,984
Cash at bank and in hand		1,007,727	1,071,903
		<u>4,319,994</u>	<u>3,536,025</u>
Creditors: amounts falling due within one year	8	(2,789,074)	(1,666,703)
NET CURRENT ASSETS		<u>1,530,920</u>	<u>1,869,322</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,002,993</u>	<u>2,387,741</u>
PROVISIONS FOR LIABILITIES			
Deferred tax		(44,847)	(40,960)
Other provisions		(64,066)	(65,933)
		<u>(108,913)</u>	<u>(106,893)</u>
NET ASSETS		<u><u>1,894,080</u></u>	<u><u>2,280,848</u></u>
CAPITAL AND RESERVES			
Called up share capital	9	1,000	1,000
Profit and loss account		1,893,080	2,279,848
		<u><u>1,894,080</u></u>	<u><u>2,280,848</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


P Craddock
Director

Date: 08/06/2017
The notes on pages 2 to 9 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. GENERAL INFORMATION

The company is a private company limited by shares and registered in England.

The registered number is:

Its registered office is: 02108329

Pointon Way
Stonebridge Cross Business Park
Droitwich
Worcestershire
WR9 0LW

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 GOING CONCERN

The directors have reviewed budgets and forecasts for a period of 12 months from approval of the accounts. Considering this and profits generated by the company as well as adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

2.3 REVENUE

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Other operating income

Other operating income relates to commissions receivable and expenditure costs recharged. Turnover from these sources is recognised as the commission is earned and as expenditure is incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (continued)

2.4 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold Property improvements	- 15 years straight line
Plant and machinery	- 25% to 50% straight line basis
Motor vehicles	- 20% to 33.3% straight line basis
Fixtures and fittings	- 10% to 33.3% straight line basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.5 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of comprehensive income.

2.7 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans to and from related parties.

Debt instruments that are payable or receivable within one year, typically trade creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (continued)

2.8 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional currency is GBP. All amounts in the financial statements have been rounded to the nearest £.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.9 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.10 OPERATING LEASES

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.11 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.12 HOLIDAY PAY ACCRUAL

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (continued)

2.13 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.14 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. EMPLOYEES

The average monthly number of employees, including directors, during the year was 54 (2015: 51).

SENCON (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

4. TANGIBLE FIXED ASSETS

	Leasehold Property improvements £	Computer equipment £	Motor vehicles £	Fixtures and fittings £	Total £
COST OR VALUATION					
At 1 January 2016	299,555	303,102	245,313	127,741	975,711
Additions	4,243	13,732	106,715	-	124,690
Disposals	-	-	(75,050)	-	(75,050)
At 31 December 2016	303,798	316,834	276,978	127,741	1,025,351
DEPRECIATION					
At 1 January 2016	129,574	152,508	92,797	83,413	458,292
Charge for the period on owned assets	20,510	42,735	44,333	10,862	118,440
Disposals	-	-	(22,454)	-	(22,454)
At 31 December 2016	150,084	195,243	114,676	94,275	554,278
NET BOOK VALUE					
At 31 December 2016	153,714	121,591	162,302	33,466	471,073
At 31 December 2015	169,981	150,594	152,516	44,328	517,419

SENCON (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

5. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST OR VALUATION	
At 1 January 2016	1,000
At 31 December 2016	1,000
NET BOOK VALUE	
At 31 December 2016	1,000
At 31 December 2015	1,000

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Sencon Europe Limited	Ordinary	100 %	Owner of intellectual property
Sencon Hong Kong Limited	Ordinary	100 %	Manufacture and distribution of industrial and electrical control components.

The aggregate of the share capital and reserves as at 31 December 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Sencon Europe Limited	23,511	24,484
Sencon Hong Kong Limited	(131,817)	(46,725)

6. STOCKS

	2016 £	2015 £
Work in progress	137,241	94,912
Finished goods and goods for resale	861,044	792,226
	998,285	887,138

SENCON (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016****7. DEBTORS**

	2016 £	2015 £
Trade debtors	1,990,203	847,634
Amounts owed by group undertakings	78,955	135,426
Other debtors	101,430	86,420
Prepayments and accrued income	143,394	507,504
	<u>2,313,982</u>	<u>1,576,984</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Payments received on account	343,174	373,727
Trade creditors	1,053,429	754,779
Amounts owed to group undertakings	2,278	2,278
Corporation tax	102,158	51,693
Other taxation and social security	146,909	86,281
Other creditors	700,000	7,783
Accruals and deferred income	441,126	390,162
	<u>2,789,074</u>	<u>1,666,703</u>

9. SHARE CAPITAL

	2016 £	2015 £
SHARES CLASSIFIED AS EQUITY		
ALLOTTED, CALLED UP AND FULLY PAID		
1,000,000 Ordinary shares of £0.001 each	<u>1,000</u>	<u>1,000</u>

10. OPERATING LEASE COMMITMENTS

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases of £371,609 (2015: 456,403), due within 5 years.

11. TRANSACTIONS WITH DIRECTORS

At the balance sheet date, the Company owed £700,000 (2015: £NIL) to Directors and are shown within other creditors. The full amount is expected to be repaid within 12 months of the Statement of financial position date. Dividends of £1,400,000 (2015: £1,000,000) have been paid to Directors during the year.

12. AUDITORS' INFORMATION

These financial statements have been audited by Bishop Fleming LLP Chartered Accountants and Statutory Auditors, with an unqualified being issued with no emphasis of matter by Andy Wood FCCA as senior statutory auditor.

In accordance with the provisions applicable to companies subject to small companies' regime and s444 of the Companies Act 2006, the audit report has not been filed.