

COMPANY REGISTRATION NUMBER: 05285179

CMC Precision Engineering Limited
Unaudited Financial Statements
31 March 2023

CMC Precision Engineering Limited

Financial Statements

Year ended 31 March 2023

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CMC Precision Engineering Limited

Directors' Report

Year ended 31 March 2023

The directors present their report and the unaudited financial statements of the company for the year ended 31 March 2023.

Principal activities

The principal activity of the company during the year was that of the manufacture of precision mechanical components. The new owners and Directors, who took over in the year, are pleased with an Increase in Sales of 13.5% whilst maintaining a Gross margin of 36%. Apart from the exceptional expenses, due the change of ownership, all other expenses have remained comparable.

All pre- transaction reserves were used to fund the transaction, the Directors are confident they can build these up again in the next few years.

Directors

The directors who served the company during the year were as follows:

Mr M H Ball	(Appointed 28 October 2022)
Ms K Ball	(Appointed 28 October 2022)
Mr C J Bowden	(Resigned 28 October 2022)
Mrs E A Bowden	(Resigned 28 October 2022)

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 06 October 2023 and signed on behalf of the board by:



Ms K Ball
Director

Registered office:
Hurlands House
8 Hurlands Close
Farnham
Hampshire
GU9 9JF

CMC Precision Engineering Limited
Statement of Income and Retained Earnings
Year ended 31 March 2023

	Note	2023 £	2022 £
Turnover		838,288	739,098
Cost of sales		(539,230)	(470,977)
Gross profit		299,058	268,121
Distribution costs		(4,270)	(3,957)
Administrative expenses		(216,669)	(179,532)
Other operating income		880	8,207
Operating profit		78,999	92,839
Other interest receivable and similar income		295	7
Interest payable and similar expenses		(10,454)	(2,165)
Profit before taxation	5	68,840	90,681
Tax on profit	6	30,422	(17,509)
Profit for the financial year and total comprehensive income		99,262	73,172
Dividends paid and payable		(268,000)	(92,000)
Retained earnings at the start of the year		197,116	215,944
Retained earnings at the end of the year		28,378	197,116

All the activities of the company are from continuing operations.

The notes on pages 5 to 10 form part of these financial statements.

CMC Precision Engineering Limited

Statement of Financial Position

31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	7	69,512	94,013
Current assets			
Stocks		5,750	5,750
Debtors	8	257,125	134,726
Cash at bank and in hand		82,771	214,439
		<u>345,646</u>	<u>354,915</u>
Creditors: amounts falling due within one year	9	<u>(148,854)</u>	<u>(158,838)</u>
Net current assets		196,792	196,077
Total assets less current liabilities		266,304	290,090
Creditors: amounts falling due after more than one year	10	(226,311)	(76,902)
Provisions			
Taxation including deferred tax		(11,614)	(16,071)
Net assets		<u>28,379</u>	<u>197,117</u>
Capital and reserves			
Called up share capital		1	1
Profit and loss account		28,378	197,116
Shareholders funds		<u>28,379</u>	<u>197,117</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

For the year ending 31 March 2023 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 financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The statement of financial position
continues on the following page.
The notes on pages 5 to 10 form part of these financial statements.

CMC Precision Engineering Limited

Statement of Financial Position *(continued)*

31 March 2023

These financial statements were approved by the board of directors and authorised for issue on 06 October 2023 and are signed on behalf of the board by:



Ms K Ball
Director

Company registration number: 05285179

The notes on pages 5 to 10 form part of these financial statements.

CMC Precision Engineering Limited

Notes to the Financial Statements

Year ended 31 March 2023

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Hurlands House, 8 Hurlands Close, Farnham, Hampshire, GU9 9JF.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

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

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

CMC Precision Engineering Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

3. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	-	20% straight line
Plant & Machinery	-	10% straight line
Fixtures & Fittings	-	33% straight line
Motor Vehicles	-	25% reducing balance
Equipment	-	25% straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line bases over the period of the lease.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

CMC Precision Engineering Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

3. Accounting policies *(continued)*

Government grants *(continued)*

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

CMC Precision Engineering Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

4. Employee numbers

The average number of persons employed by the company during the year amounted to 9 (2022: 9).

5. Profit before taxation

Profit before taxation is stated after charging/crediting:

	2023 £	2022 £
Depreciation of tangible assets	25,020	31,922
Fair value adjustments to financial assets measured at fair value through profit or loss	<u>(28)</u>	<u>–</u>

6. Tax on profit

Major components of tax (income)/expense

	2023 £	2022 £
Current tax:		
UK current tax expense	426	23,250
Adjustments in respect of prior periods	<u>(26,391)</u>	<u>–</u>
Total current tax	<u>(25,965)</u>	<u>23,250</u>
Deferred tax:		
Origination and reversal of timing differences	<u>(4,457)</u>	<u>(5,741)</u>
Tax on profit	<u>(30,422)</u>	<u>17,509</u>

Reconciliation of tax (income)/expense

The tax assessed on the profit on ordinary activities for the year is lower than (2022: higher than) the standard rate of corporation tax in the UK of 19% (2022: 19%).

	2023 £	2022 £
Profit on ordinary activities before taxation	<u>68,840</u>	<u>90,681</u>
Profit on ordinary activities by rate of tax	13,080	17,229
Effect of expenses not deductible for tax purposes	1,196	308
Effect of capital allowances and depreciation	4,441	5,712
Prior year credit – R&D claim	<u>(26,391)</u>	<u>–</u>
Current year credit – R&D claim	<u>(18,291)</u>	<u>–</u>
Deferred tax credit	<u>(4,457)</u>	<u>(5,740)</u>
Tax on profit	<u>(30,422)</u>	<u>17,509</u>

CMC Precision Engineering Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

7. Tangible assets

	Improvement to leasehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
Cost						
At 1 Apr 2022	57,220	718,553	13,577	300	28,176	817,826
Additions	–	–	312	–	263	575
Disposals	–	–	(84)	–	–	(84)
At 31 Mar 2023	<u>57,220</u>	<u>718,553</u>	<u>13,805</u>	<u>300</u>	<u>28,439</u>	<u>818,317</u>
Depreciation						
At 1 Apr 2022	57,220	625,211	12,967	300	28,115	723,813
Charge for the year	–	24,372	521	–	127	25,020
Disposals	–	–	(28)	–	–	(28)
At 31 Mar 2023	<u>57,220</u>	<u>649,583</u>	<u>13,460</u>	<u>300</u>	<u>28,242</u>	<u>748,805</u>
Carrying amount						
At 31 Mar 2023	<u>–</u>	<u>68,970</u>	<u>345</u>	<u>–</u>	<u>197</u>	<u>69,512</u>
At 31 Mar 2022	<u>–</u>	<u>93,342</u>	<u>610</u>	<u>–</u>	<u>61</u>	<u>94,013</u>

8. Debtors

	2023 £	2022 £
Trade debtors	127,122	126,726
Other debtors	130,003	8,000
	<u>257,125</u>	<u>134,726</u>

9. Creditors: amounts falling due within one year

	2023 £	2022 £
Bank loans and overdrafts	19,768	21,628
Trade creditors	17,510	16,484
Corporation tax	–	23,250
Social security and other taxes	69,717	72,631
Other creditors	41,859	24,845
	<u>148,854</u>	<u>158,838</u>

10. Creditors: amounts falling due after more than one year

	2023 £	2022 £
Bank loans and overdrafts	58,256	76,902
Other creditors	168,055	–
	<u>226,311</u>	<u>76,902</u>

CMC Precision Engineering Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

11. Directors' advances, credits and guarantees

As at the year end the Directors owed the company £75,846 (2022:company owed the Director £16,285). This was repayable on demand and within 9 months of the year end.

CMC Precision Engineering Limited

Management Information

Year ended 31 March 2023

The following pages do not form part of the financial statements.

CMC Precision Engineering Limited

Chartered Accountant's Report to the Board of Directors on the Preparation of the Unaudited Statutory Financial Statements of CMC Precision Engineering Limited

Year ended 31 March 2023

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of CMC Precision Engineering Limited for the year ended 31 March 2023, which comprise the statement of income and retained earnings, statement of financial position and the related notes 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 www.icaew.com/en/membership/regulations-standards-and-guidance.

This report is made solely to the Board of Directors of CMC Precision Engineering Limited, as a body, in accordance with the terms of our engagement letter dated 5 June 2018. Our work has been undertaken solely to prepare for your approval the financial statements of CMC Precision Engineering Limited and state those matters that we have agreed to state to you, as a body, in this report in accordance with ICAEW Technical Release 07/16 AAF as detailed at www.icaew.com/compilation. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than CMC Precision Engineering Limited and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that CMC Precision Engineering Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of CMC Precision Engineering Limited. You consider that CMC Precision Engineering 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 financial statements of CMC Precision Engineering 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 financial statements.

SHIPLEYS LLP
Chartered accountants

5 Godalming Business Centre
Woolsack Way
Godalming
Surrey
GU7 1XW

CMC Precision Engineering Limited

Detailed Income Statement

Year ended 31 March 2023

	2023 £	2022 £
Turnover	838,288	739,098
Cost of sales		
Opening stock	5,750	5,750
Purchases	159,285	136,924
Wages and salaries	321,186	293,757
Social security costs	32,559	32,244
Pension costs - defined contribution	7,750	7,132
Subcontractor costs	18,450	920
	544,980	476,727
Closing stock	5,750	5,750
	539,230	470,977
Gross profit	299,058	268,121
Overheads		
Distribution costs	4,270	3,957
Administrative expenses	216,669	179,532
	220,939	183,489
Other operating income	880	8,207
Operating profit	78,999	92,839
Other interest receivable and similar income	295	7
Interest payable and similar expenses	(10,454)	(2,165)
Profit before taxation	68,840	90,681

CMC Precision Engineering Limited

Notes to the Detailed Income Statement

Year ended 31 March 2023

	2023 £	2022 £
Distribution costs		
Freight and carriage	<u>4,270</u>	<u>3,957</u>
Administrative expenses		
Personnel costs		
Directors salaries	39,793	24,000
Directors national insurance contributions	2,845	871
Directors pension costs - defined contribution	<u>14,000</u>	<u>24,000</u>
	56,638	48,871
Establishment expenses		
Rent	31,992	31,992
Rates and water	11,063	15,533
Light and heat	14,716	14,509
Insurance	8,180	8,507
Repairs and maintenance	<u>20,517</u>	<u>7,727</u>
	86,468	78,268
General expenses		
Motor expenses	4,282	4,117
Travel and subsistence	679	–
Telephone	2,098	1,898
Office expenses	1,891	296
Printing postage and stationery	2,426	1,221
Staff training	1,603	–
Sundry expenses	4,500	2,294
Subscriptions	6,059	897
Entertaining	4,751	1,621
Legal and professional fees (allowable)	8,949	3,431
Accountancy fees	10,176	4,323
Depreciation and Amortisation charges	<u>25,020</u>	<u>31,922</u>
	72,434	52,020
Financial costs		
Bank charges	1,129	373
	<u>216,669</u>	<u>179,532</u>
Other operating income		
Government grants released to profit or loss	–	8,207
Other operating income	<u>880</u>	<u>–</u>
	880	8,207
Other interest receivable and similar income		

CMC Precision Engineering Limited

Notes to the Detailed Income Statement *(continued)*

Year ended 31 March 2023

	2023	2022
	£	£
Interest on cash and cash equivalents	267	7
Gain on fair value adjustment of financial assets at fair value through profit or loss	28	–
	<u>295</u>	<u>7</u>
Interest payable and similar expenses		
Interest on bank loans and overdrafts	3,500	2,069
Interest on hire purchase and finance lease contracts	6,954	96
	<u>10,454</u>	<u>2,165</u>