

COMPANY REGISTRATION NUMBER: 02562864

Frazer-Nash Manufacturing Limited

Unaudited Financial Statements

**For the year ended
31 December 2020**



Frazer-Nash Manufacturing Limited

Statement of Financial Position (continued)

31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	5	3,899	10,454
Tangible assets	6	1,432,503	1,397,520
		<u>1,436,402</u>	<u>1,407,974</u>
Current assets			
Stocks		105,446	55,782
Debtors	7	928,032	1,240,748
Cash at bank and in hand		301,843	244,586
		<u>1,333,321</u>	<u>1,541,116</u>
Creditors: amounts falling due within one year	8	(1,400,193)	(1,306,989)
Net current (liabilities)/assets		<u>(66,872)</u>	<u>234,127</u>
Total assets less current liabilities		<u>1,369,530</u>	<u>1,642,101</u>
Creditors: amounts falling due after more than one year	9	(618,442)	(364,486)
Provisions			
Deferred tax	10	(47,383)	(159,737)
Net assets		<u>703,705</u>	<u>1,117,878</u>
Capital and reserves			
Called up share capital	13	95,000	95,000
Capital redemption reserve		5,000	5,000
Capital contribution		126,205	—
Profit and loss account		477,500	1,017,878
Shareholder funds		<u>703,705</u>	<u>1,117,878</u>

These financial statements have been prepared and delivered 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'.

In accordance with section 444 of the Companies Act 2006, the statement of comprehensive income has not been delivered.

For the year ending 31 December 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Director's responsibilities:

- The member has not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The director acknowledges his responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements were approved by the board of directors and authorised for issue on 29/12/21, and are signed on behalf of the board by:


P A R Mortlock
Director

Company registration number: 02562864

The notes on pages 2 to 6 form part of these financial statements.

Frazer-Nash Manufacturing Limited

Notes to the Financial Statements

Year ended 31 December 2020

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 20:20 Vision Park, Bedford Road, Petersfield, GU32 3FG. The principal activity of the company during the year was that of precision engineers.

2. Statement of compliance

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

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis. The financial statements are prepared in sterling, which is the functional currency of the entity and rounded to the nearest £. The significant accounting policies consistently applied in the preparation of these financial statements are set out below.

Revenue recognition

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax.

In relation to contracts undertaken by the company which have an expected duration of over one year or where activity falls into two separate accounting periods, turnover is calculated on each individual contract based on the percentage completion of the contract at the period end. Attributable profit is also taken based on the percentage completion of individual contracts except for loss making contracts where the full loss is taken as soon as it is foreseen.

Taxation

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.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses.

Amortisation

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

Computer software - 33% straight line

Frazer-Nash Manufacturing Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2020

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.

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:

Improvements to leasehold property	-	over the term of the lease
Plant and machinery	-	20% and 10% straight line
Fixtures and fittings	-	20% straight line
Motor vehicles	-	25% straight line
Computer equipment	-	33% straight line

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.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent an equal charge in each period over the term of the agreement.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Financial Instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Frazer-Nash Manufacturing Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2020

3. Accounting policies (continued)

Pension costs

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

4. Employee numbers

The average number of persons employed by the company during the year amounted to 29 (2019: 33).

5. Intangible assets

	Computer software £
Cost	
At 1 January 2020 and 31 December 2020	41,094
Amortisation	
At 1 January 2020	30,640
Charge for the year	6,555
At 31 December 2020	<u>37,195</u>
Carrying amount	
At 31 December 2020	<u>3,899</u>
At 31 December 2019	<u>10,454</u>

6. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost						
At 1 Jan 2020	406,634	2,710,933	88,124	13,042	138,833	3,357,566
Additions	3,476	314,803	515	-	974	319,768
Disposals	-	(379,028)	-	-	(61,528)	(440,556)
At 31 Dec 2020	<u>410,110</u>	<u>2,646,708</u>	<u>88,639</u>	<u>13,042</u>	<u>78,279</u>	<u>3,236,778</u>
Depreciation						
At 1 Jan 2020	317,466	1,448,078	60,916	7,380	126,206	1,960,046
Charge for the year	38,892	225,812	9,181	3,260	7,641	284,786
Disposals	-	(379,028)	-	-	(61,529)	(440,557)
At 31 Dec 2020	<u>356,358</u>	<u>1,294,862</u>	<u>70,097</u>	<u>10,640</u>	<u>72,318</u>	<u>1,804,275</u>
Carrying amount						
At 31 Dec 2020	<u>53,752</u>	<u>1,351,846</u>	<u>18,542</u>	<u>2,402</u>	<u>5,961</u>	<u>1,432,503</u>
At 31 Dec 2019	<u>89,168</u>	<u>1,262,855</u>	<u>27,208</u>	<u>5,662</u>	<u>12,627</u>	<u>1,397,520</u>

7. Debtors

	2020 £	2019 £
Trade debtors	501,687	856,917
Prepayments and accrued income	86,667	106,982
Corporation tax repayable	7,077	61,893
Amounts recoverable on contracts	289,355	165,848
Other debtors	41,246	49,108
	<u>926,032</u>	<u>1,240,748</u>

Frazer-Nash Manufacturing Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2020

8. Creditors: amounts falling due within one year

	2020	2019
	£	£
Debenture loans	550,000	550,000
Trade creditors	136,109	145,314
Amounts owed to group undertakings	184,400	125,819
Accruals and deferred income	91,769	63,393
Social security and other taxes	28,219	30,263
Obligations under finance leases and hire purchase contracts	162,249	157,684
Other creditors	247,447	234,516
	<u>1,400,193</u>	<u>1,306,989</u>

Obligations under hire purchase contracts are secured on the related assets. Debenture loans of £500,000 (2020; £500,000) are secured on all of the assets of the company.

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

	2020	2019
	£	£
Debenture loans	373,796	-
Obligations under finance leases and hire purchase contracts	244,646	364,486
	<u>618,442</u>	<u>364,486</u>

Debenture loans of £500,000 are secured on all of the assets of the company.

10. Provisions

	Deferred tax (note 11) £
At 1 January 2020	159,737
Additions	23,846
Charge against provision	(136,200)
At 31 December 2020	<u>47,383</u>

11. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2020	2019
	£	£
Included in provisions (note 10)	<u>47,383</u>	<u>159,737</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2020	2019
	£	£
Accelerated capital allowances	188,523	164,677
Unused tax losses	(141,140)	(4,940)
	<u>47,383</u>	<u>159,737</u>

Frazer-Nash Manufacturing Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2020

12. Financial instruments

Financial liabilities relate to an interest free loan provided by a shareholder of the ultimate parent company that is repayable in more than one year. The loan has been recognised at the present value of future payments discounted at a market rate of interest for a similar debt instrument, deemed to be 3%. The difference between the value of the loan and the cash received, and any subsequent movement has been recognised as a capital contribution by the shareholder.

The financial liabilities are included in Debenture loans due after more than one year and the total loan balance of £500,000 is due for repayment no earlier than July 2030. The loan is secured and interest free.

Interest payable and similar expenses includes £2,530 (2019 - £nil) relating to the fair value adjustment of the loan balance at the year end.

13. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>95,000</u>	<u>95,000</u>	<u>95,000</u>	<u>95,000</u>

14. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	£	£
Not later than 1 year	250,192	245,192
Later than 1 year and not later than 5 years	1,000,768	1,000,768
Later than 5 years	1,458,056	1,708,248
	<u>2,709,016</u>	<u>2,954,208</u>

15. Related party transactions

At the year end debenture loans of £1,050,000 (2019 - £550,000) were due to ultimate controlling party, of which £1,000,000 (2020 - £500,000) is secured on the assets of the group. £550,000 of the loans are interest free and repayable on demand. The remaining £500,000 is repayable in June 2030 and interest can be charged at the discretion of the ultimate controlling party. No interest was charged in 2020.

16. Controlling party

FN Acquisitions Limited, incorporated in England and Wales, is regarded as being the ultimate parent company by virtue of its 100% interest in Frazer-Nash Holdings Limited, the immediate parent company.