

Unaudited Financial Statements for the Year Ended 29 February 2020

for

Denchi Power Limited

Reid & Fraser
Chartered Accountants
15 Princes Street
Thurso
Caithness
KW14 7BQ

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for the Year Ended 29 February 2020**

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Denchi Power Limited

**Company Information
for the Year Ended 29 February 2020**

DIRECTORS:

D Campbell
N Russel

REGISTERED OFFICE:

Taylor Vinters LLP
Merlin Place
Milton Road
Cambridge
CB4 0DP

REGISTERED NUMBER:

08676692 (England and Wales)

ACCOUNTANTS:

Reid & Fraser
Chartered Accountants
15 Princes Street
Thurso
Caithness
KW14 7BQ

Denchi Power Limited (Registered number: 08676692)

**Balance Sheet
29 February 2020**

	Notes	2020 £	2019 £
FIXED ASSETS			
Intangible assets	4	15,806	-
Tangible assets	5	<u>186,119</u>	<u>172,160</u>
		<u>201,925</u>	<u>172,160</u>
CURRENT ASSETS			
Stocks	6	1,455,072	1,238,248
Debtors	7	1,538,498	1,323,082
Cash at bank and in hand		<u>82,036</u>	<u>43,576</u>
		<u>3,075,606</u>	<u>2,604,906</u>
CREDITORS			
Amounts falling due within one year	8	<u>(1,786,200)</u>	<u>(1,583,508)</u>
NET CURRENT ASSETS		<u>1,289,406</u>	<u>1,021,398</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,491,331</u>	<u>1,193,558</u>
CREDITORS			
Amounts falling due after more than one year	9	<u>(52,833)</u>	<u>(59,598)</u>
NET ASSETS		<u>1,438,498</u>	<u>1,133,960</u>
CAPITAL AND RESERVES			
Called up share capital		200	200
Retained earnings		<u>1,438,298</u>	<u>1,133,760</u>
SHAREHOLDERS' FUNDS		<u>1,438,498</u>	<u>1,133,960</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 29 February 2020.

The members have not required the company to obtain an audit of its financial statements for the year ended 29 February 2020 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.
- (b)

Denchi Power Limited (Registered number: 08676692)

Balance Sheet - continued
29 February 2020

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

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 10 September 2020 and were signed on its behalf by:

D Campbell - Director

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 29 February 2020**

1. STATUTORY INFORMATION

Denchi Power Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in sterling (£).

TURNOVER

Turnover represents net invoiced sales of goods and services, excluding value added tax. Turnover from contracts is recognised in accordance with the company's accounting policy on contracts.

GOODWILL

Goodwill represents the excess over cost of the fair value of the net assets of the business acquired. Negative goodwill arises where the fair value of the net assets of the business exceed the cost. The amortisation of the negative goodwill is recognised in the profit and loss account in the periods expected to be benefited, which the directors estimate is five years.

LICENCES

Licences are originally recorded at cost and are amortised on a straight line basis over their estimated useful lives of three years.

TANGIBLE FIXED ASSETS

Tangible fixed assets are originally recorded at cost. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Plant and machinery	20% straight line
Computer equipment	33% straight line

STOCKS

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

**Notes to the Financial Statements - continued
for the Year Ended 29 February 2020**

2. ACCOUNTING POLICIES - continued

FINANCIAL INSTRUMENTS

The company has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from its suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective rate method.

TAXATION

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the Financial Statements - continued
for the Year Ended 29 February 2020**

**2. ACCOUNTING POLICIES - continued
DEFERRED TAX**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

RESEARCH AND DEVELOPMENT

Expenditure on research and development is written off in the year in which it is incurred.

HIRE PURCHASE AND LEASING COMMITMENTS

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

LONG TERM CONTRACTS

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Full provision is made for losses on all contracts in the year in which they are first foreseen.

FOREIGN CURRENCY TRANSACTIONS

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

GOVERNMENT GRANTS

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by annual instalments.

Government grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 46 (2019 - 45) .

Notes to the Financial Statements - continued
for the Year Ended 29 February 2020

4. INTANGIBLE FIXED ASSETS

	Licences £
COST	
Additions	<u>18,409</u>
At 29 February 2020	<u>18,409</u>
AMORTISATION	
Amortisation for year	<u>2,603</u>
At 29 February 2020	<u>2,603</u>
NET BOOK VALUE	
At 29 February 2020	<u><u>15,806</u></u>

5. TANGIBLE FIXED ASSETS

	Plant and machinery £
COST	
At 1 March 2019	739,307
Additions	108,540
Disposals	<u>(29,550)</u>
At 29 February 2020	<u>818,297</u>
DEPRECIATION	
At 1 March 2019	567,147
Charge for year	94,581
Eliminated on disposal	<u>(29,550)</u>
At 29 February 2020	<u>632,178</u>
NET BOOK VALUE	
At 29 February 2020	<u><u>186,119</u></u>
At 28 February 2019	<u><u>172,160</u></u>

6. STOCKS

	2020 £	2019 £
Stocks	1,080,790	1,072,950
Work-in-progress	<u>374,282</u>	<u>165,298</u>
	<u><u>1,455,072</u></u>	<u><u>1,238,248</u></u>

Notes to the Financial Statements - continued
for the Year Ended 29 February 2020

7. **DEBTORS**

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	1,016,494	920,659
Amounts recoverable on contract	214,051	83,428
Other debtors	50,809	56,719
Corporation tax	83,273	74,320
Deferred tax asset	74,792	47,500
Prepayments and accrued income	32,967	46,061
	<u>1,472,386</u>	<u>1,228,687</u>
Amounts falling due after more than one year:		
Deferred tax asset	11,554	59,370
Corporation tax	54,558	35,025
	<u>66,112</u>	<u>94,395</u>
Aggregate amounts	<u>1,538,498</u>	<u>1,323,082</u>

8. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020 £	2019 £
Bank loans and overdrafts	369,578	331,376
Other loans	69,774	53,354
Trade creditors	356,219	480,247
Social security and other taxes	65,286	42,965
Other creditors	63,195	64,158
Accruals and deferred income	857,668	587,032
Deferred government grants	4,480	24,376
	<u>1,786,200</u>	<u>1,583,508</u>

Other creditors include £6,716 (2019 - £5,199) in respect of outstanding pension contributions.

9. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2020 £	2019 £
Other loans - 1-2 years	13,723	57,211
Other loans - 2-5 years	32,601	-
Other loans over 5 years	2,673	-
Deferred government grants	3,836	2,387
	<u>52,833</u>	<u>59,598</u>

Notes to the Financial Statements - continued
for the Year Ended 29 February 2020

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - continued

	2020	2019
	£	£
Amounts falling due in more than five years:		
Repayable by instalments		
Other loans over 5 years	<u>2,673</u>	<u>-</u>

10. SECURED DEBTS

The following secured debts are included within creditors:

	2020	2019
	£	£
Bank overdrafts	369,578	331,376
Other loans	<u>118,771</u>	<u>110,565</u>
	<u><u>488,349</u></u>	<u><u>441,941</u></u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.