

Registration number: 03296387

OMEGA NORTH EAST LIMITED
Annual Report and Financial Statements
for the Year Ended 31 March 2023

Omega North East Limited

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Omega North East Limited

Company Information

Directors	C S Thompson D Crone C R Swinhoe G Owen P A Sayer J Jamieson
Company secretary	L Wilson
Registered office	Kingsway South Team Valley Trading Estate Gateshead Tyne & Wear NE11 0JL
Auditor	Azets Audit Services Chartered Accountants & Statutory Auditor Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

Omega North East Limited

Strategic Report for the Year Ended 31 March 2023

The directors present their strategic report for the year ended 31 March 2023.

Principal activity

The principal activity of the company is that Omega Plastics provides in-house, and project managed sub-contract injection mould tooling manufacture and a 24/5 low volume or technical moulding and assembly service across its 40T-330T press range, working across multiple sectors

Fair review of the business

Turnover increased year on year from £8,801,925 in FY22 to £9,808,866 in FY23 – a 11.4% increase. The increase was across Moulding, UK Tooling, and Offshore Tooling. With the largest increase seen across UK Tooling.

However, during FY23 Omega Plastics faced unprecedented challenges on costs and cost of execution, which despite the growth in sales materially impacted profitability.

The cost pressures increased as the year went on, unprecedented increases to energy costs, and inflationary pressures across the supply chain impacted the financial performance.

Omega Plastics continued to face sector wide operational challenges associated with short notice cancellations of orders, high levels of sickness post-COVID and ongoing challenges in relation to labour supply and recruitment.

Omega Plastics carried out an unplanned interim pay review in December 2022 to support employees during the cost-of-living crisis, increasing pay and salaries across the final 4 months of the financial year. Impacting both the cost of execution as well as overheads.

Cost pressures built within the supply chain, not all these costs could be mitigated through efficiency gains or continuous improvement activities, therefore impacting the GM% of Omega Plastics.

As the sales increased, so too did the costs of execution, resulting in a year-on-year reduction in the GM%. Reducing from 29.8% in FY22 to 28.9% in FY23. Overheads increased as a result of inflationary pressures and the rising energy costs.

EBITDA reduced from £912,532 in FY22 to £452,074. Resulting in a Net loss of (£135,755) for the year.

Despite the operational challenges, Omega Plastics continued investment throughout the year, increasing CapEx by 7.3% from £465,044 to £498,826.

Principal risks and uncertainties

Omega Plastics takes a proactive approach to the management of risk to protect the business and secure growth. An analysis of the key risks identified for FY23 are set out below.

Omega North East Limited

Strategic Report for the Year Ended 31 March 2023 (continued)

Risk	Impact	Mitigation
Key Customers	Omega Plastics has several key customers. There are risks that these key customer relationships could come to an end for a variety of commercial reasons, which would adversely impact Omega Plastics revenue.	Where appropriate, Omega Plastics look to agree long term supply agreement with its customers. Omega Plastics endeavours to be commercially agile to respond to evolving customer priorities whilst continuing its commitment to market-leading service where customers value it.
Key Suppliers	Omega Plastics has several key suppliers. Factors such as COVID, Brexit, and the global semiconductor shortages resulted in increasing lead times on raw materials and BOC's.	Omega Plastics works closely with its key suppliers to ensure that forecasts are shared, allowing any potential issues to be identified at the earliest opportunity. Where possible alternative suitable suppliers have been identified and added to the approved supplier register.
Facilities	Manufacturing and warehouse management are key activities of Omega Plastics. There is a risk that revenue and profit could be impacted should any of the facilities become damaged.	Omega Plastics has in place appropriate business continuity plans, as well as the necessary insurances for damage to property and business interruption.
Reputation	Omega Plastics is reliant on its reputation for quality, reliability, consistency, and service. Should its reputation for any of these be damaged because of a failure by Omega Plastics and/or adverse publicity, this could have a negative impact on revenues.	A robust system of controls and processes are in place that underpins the provision of services to customers.
Loss of key employees	Omega Plastics is reliant on the strategic management, commercial, technical, engineering and industry expertise of key individuals. Loss of these individuals could impact on the management or its services to customers.	Resources from the Group will support Omega Plastics in ensuring that employee relations remain strong, training needs are met, appraisals and development plans are in place, and employee benefits are reviewed. The Group HR resource will support all recruitment needs of Omega Plastics.

Omega North East Limited

Strategic Report for the Year Ended 31 March 2023 (continued)

Key performance Indicators

Various Key Performance Indicators (KPIs) to monitor financial performance are in place, please see below which relates to FY23 and a direct comparison to FY22:

KPI	Measurement	FY23	FY22	% Change
Omega Revenue	Sales of goods and services net of value added tax, recognised on tooling on staged payments or work in progress and on moulding at the point of dispatch.	£ 9,808,886	£ 8,801,925	11.4%
Gross Profit	The profit achieved on revenue after taking account of direct costs incurred in bringing the goods and services to a saleable condition.	£ 2,837,944	£ 2,620,429	8.3%
Gross Margin %	The percentage of profit achieved on revenue.	28.9%	29.8%	-2.8%
Omega EBITDA	The profit achieved on revenue after taking account of direct costs and overheads but before interest, depreciation, and amortisation.	£ 452,074	£ 912,532	-50.5%
Omega Net Profit	The actual profit after expenses not included in the calculation of Gross Profit have been paid.	-£ 135,755	£ 400,690	-133.9%
Capital Expenditure	The funds used to acquire, upgrade, and maintain physical assets such as plant, buildings, technology, or equipment to support planned	£ 498,826	£ 465,044	7.3%
Headcount	The number of permanent roles within Omega.	94	85	10.6%

Omega North East Limited

Strategic Report for the Year Ended 31 March 2023 (continued)

Post Year End/Outlook for financial year ended 31 March 2024 (“FY24”)

The Board and management believe that continued increased costs pressures and operational disruption will continue into and impact FY24.

The recovery of automotive sales in moulding has continued throughout H1 of FY24. However sales to other sectors have reduced, some customers-built stock levels during the COVID-19 pandemic and supply chain challenges era which had to be unwound.

UK Tooling output has remained strong across a number of sectors, however order intake for larger offshore projects has been lower with some customers delaying planned project launches.

The costs pressures seen throughout FY23 were exceptional and in the most part out of the managements control. As a result, the cost base increased by an amount that could not be mitigate through efficiency gains or continuous improvement activities.

The impact of the 9.7% national minimum wage increases in April 2023, continued high energy prices (settling at around 200% higher than previously), inflationary pressures (11.1% in October) have all impacted the cost of execution throughout the year so far.

Suppliers have continued to increase their prices on a frequent basis.

Outlook

The Board expects these challenges to continue for a further 12 months before stabilising. Further difficult pricing conversation are anticipated because of continued inflation, the significant increases to the National Living Wage and Real Living Wage from 1 April 2024 and continuing high interest rates.

Updated strategic objectives are in place for FY24 to provide the short-term focus needed to navigate the Group through the cost-of-living challenges whilst providing the future platform for growth and operational efficiency.

The Board would like to thank all colleagues in the Group for their efforts, commitment, and support shown throughout a challenging period.

Approved and authorised for issue by the Board on 21 December 2023 and signed on its behalf by:

.....

C R Swinhoe
Director

Omega North East Limited

Directors' Report for the Year Ended 31 March 2023

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

Directors of the company

The directors who held office during the year were as follows:

C S Thompson

D Crone

C R Swinhoe

G Owen

P A Sayer

J Jamieson

Financial instruments

Objectives and policies

The company finances its activities with a combination of bank loans, finance leases and cash and short term deposits. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities.

Price risk, credit risk, liquidity risk and cash flow risk

Price risk

Price risk is the risk that changes in raw material prices have the potential to impact on the profitability of the company. The company does not consider that it is materially exposed to price risk.

Credit risk

Credit risk is the risk that one party of a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Company policies are aimed at minimising such losses and require customers to satisfy credit worthiness procedures prior to acceptance of contracts. The company also utilises insurance policies to protect against non-payment of debt. The company does not consider that it is materially exposed to credit risk.

Cash flow and liquidity risk

Cash flow and liquidity risk is the risk that a company's available cash will not be sufficient to meet its financial obligations. The company actively manages its cash flow position including collection of debts and timely payment of creditors. This, coupled with the parent company support is deemed sufficient to minimise the Company's exposure to cash flow and liquidity risk.

Foreign Exchange risk

Foreign exchange risk refers to the potential for loss from exposure to foreign exchange rate fluctuations. Company policies are aimed at minimising this risk. The company does not consider that it is materially exposed to foreign exchange risk.

Future developments

See disclosures within the Strategic Report regarding future developments of the Company.

Omega North East Limited

Directors' Report for the Year Ended 31 March 2023 (continued)

Going concern

The financial statements have been prepared on a going concern basis.

The company meets its day to day working capital requirements through cash generated from operations and external/shareholder borrowings.

The company's forecasts and projections for the next twelve months show that the company should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance.

Based on the factors set out above the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Azets Audit Services as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved and authorised for issue by the Board on 21 December 2023 and signed on its behalf by:

.....

C R Swinhoe

Director

Omega North East Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Omega North East Limited

Independent Auditor's Report to the Members of Omega North East Limited

Opinion

We have audited the financial statements of Omega North East Limited (the 'company') for the year ended 31 March 2023, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, and Notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Omega North East Limited

Independent Auditor's Report to the Members of Omega North East Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 8], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Omega North East Limited

Independent Auditor's Report to the Members of Omega North East Limited (continued)

Auditor Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- challenging assumptions and judgements made by management in their significant accounting estimates;
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias; and
- reviewing financial statement disclosures and testing to support documentation.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; employment law (including the Working Time Directive); and compliance with the UK Companies Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Omega North East Limited

Independent Auditor's Report to the Members of Omega North East Limited (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Claire Hinshaw (Senior Statutory Auditor)
For and on behalf of Azets Audit Services
Statutory Auditor
Chartered Accountants
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

22 December 2023

Azets Audit Services is a trading name of Azets Audit Services Limited

Omega North East Limited

Income Statement for the Year Ended 31 March 2023

	Note	2023 £	2022 £
Turnover	<u>3</u>	9,808,886	8,801,925
Cost of sales		<u>(6,970,942)</u>	<u>(6,181,496)</u>
Gross profit		2,837,944	2,620,429
Administrative expenses		(3,286,933)	(2,501,702)
Other operating income	<u>4</u>	<u>402,201</u>	<u>330,401</u>
Operating (loss)/profit	<u>5</u>	(46,788)	449,128
Interest payable and similar expenses	<u>6</u>	<u>(88,967)</u>	<u>(48,438)</u>
(Loss)/profit before tax		(135,755)	400,690
Taxation	<u>10</u>	<u>107,611</u>	<u>90,913</u>
(Loss)/profit for the financial year		<u><u>(28,144)</u></u>	<u><u>491,603</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 16 to 30 form an integral part of these financial statements.

Omega North East Limited

(Registration number: 03296387)

Statement of Financial Position as at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	<u>11</u>	1,776,701	1,830,423
Current assets			
Stocks	<u>12</u>	539,171	554,493
Debtors	<u>13</u>	2,789,478	3,342,432
Cash at bank and in hand		48,071	88,306
		<u>3,376,720</u>	<u>3,985,231</u>
Creditors: Amounts falling due within one year	<u>14</u>	<u>(2,710,899)</u>	<u>(2,748,117)</u>
Net current assets		<u>665,821</u>	<u>1,237,114</u>
Total assets less current liabilities		<u>2,442,522</u>	<u>3,067,537</u>
Creditors: Amounts falling due after more than one year	<u>14</u>	<u>(300,266)</u>	<u>(670,394)</u>
Provisions for liabilities	<u>16</u>	<u>(78,218)</u>	<u>(304,961)</u>
Net assets		<u>2,064,038</u>	<u>2,092,182</u>
Capital and reserves			
Called up share capital	<u>18</u>	100,000	100,000
Profit and loss account	<u>19</u>	<u>1,964,038</u>	<u>1,992,182</u>
Total equity		<u>2,064,038</u>	<u>2,092,182</u>

Approved and authorised for issue by the Board on 21 December 2023 and signed on its behalf by:

.....
G Owen
Director

The notes on pages 16 to 30 form an integral part of these financial statements.

Omega North East Limited

Statement of Changes in Equity for the Year Ended 31 March 2023

	Share capital	Profit and loss	Total
	£	account	£
	£	£	£
At 1 April 2021	100,000	1,500,579	1,600,579
Profit for the year	-	491,603	491,603
Total comprehensive income	-	491,603	491,603
At 31 March 2022	100,000	1,992,182	2,092,182

	Share capital	Profit and loss	Total
	£	account	£
	£	£	£
At 1 April 2022	100,000	1,992,182	2,092,182
Loss for the year	-	(28,144)	(28,144)
Total comprehensive income	-	(28,144)	(28,144)
At 31 March 2023	100,000	1,964,038	2,064,038

The notes on pages 16 to 30 form an integral part of these financial statements.

Omega North East Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

1 General information

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

The address of its registered office is Kingsway South, Team Valley Trading Estate, Gateshead, Tyne & Wear, NE11 0JL.

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 were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

These financial statements are prepared in sterling which is the functional currency of the entity and rounded to the nearest £.

Summary of disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

(a) Disclosures in respect of each class of share capital have not been presented.

(b) No cash flow statement has been presented for the company.

(c) Disclosures in respect of financial instruments have not been presented.

(d) No disclosure has been given for the aggregate remuneration of key management personnel.

The company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

Name of parent of group

These financial statements are consolidated in the financial statements of Omega Plastics Group Limited.

The financial statements of Omega Plastics Group Limited may be obtained from Kingsway South, Team Valley Trading Estate, Gateshead, Tyne and Wear, NE11 0JL

Omega North East Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Judgements

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.

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Assessing nature of lease - The Company has entered into commercial leases and as a lessee it obtains use of property, plant and equipment. The classification as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

There are no key accounting estimates.

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 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.

Government grants

Government grants are recognised using the accrual 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.

The Coronavirus Job Retention Scheme (CJRS) received in prior year results in cash payments from government to compensate employers for part of the wages, associated national insurance contributions (NICs) and employer pension contributions of employees who have been placed on furlough (i.e. placed on a temporary leave of absence from working for the employer). This is a government grant which should be accounted for as such in accordance with FRS 102 Section 24.

Omega North East Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Tax

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

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
Improvements to property	10% straight line
Plant and machinery	10% straight line
Fixtures and fittings	20 - 50% straight line
Motor vehicles	20% straight line
Office equipment	25- 33% straight line

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.

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, after making due allowance for obsolete and slow moving items.

Omega North East Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

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 income statement 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 statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance costs in the income statement and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

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.

Omega North East Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

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.

Omega North East Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

3 Turnover

The analysis of the company's Turnover for the year from continuing operations is as follows:

	2023	2022
	£	£
Sale of goods	9,808,886	8,801,925

The analysis of the company's Turnover for the year by market is as follows:

	2023	2022
	£	£
UK	9,160,952	8,404,444
Europe	601,516	393,650
Rest of world	46,418	3,831
	<u>9,808,886</u>	<u>8,801,925</u>

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2023	2022
	£	£
Coronavirus Job Retention Scheme Income	-	3,822
Management charges receivable	402,201	326,579
	<u>402,201</u>	<u>330,401</u>

5 Operating (loss)/profit

Arrived at after charging/(crediting)

	2023	2022
	£	£
Depreciation expense	496,727	463,404
Loss on disposal of property, plant and equipment	7,813	-

6 Interest payable and similar expenses

	2023	2022
	£	£
Interest on obligations under finance leases and hire purchase contracts	83,252	31,131
Interest expense on other finance liabilities	5,715	17,307
	<u>88,967</u>	<u>48,438</u>

Omega North East Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2023	2022
	£	£
Wages and salaries	3,178,162	2,900,185
Social security costs	327,928	296,617
Pension costs, defined contribution scheme	75,783	69,321
	<u>3,581,873</u>	<u>3,266,123</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2023	2022
	No.	No.
Management	10	10
Administration and support	23	19
Operations	61	56
	<u>94</u>	<u>85</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2023	2022
	£	£
Remuneration	468,439	521,443
Contributions paid to money purchase schemes	12,900	12,386
	<u>481,339</u>	<u>533,829</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2023	2022
	No.	No.
Accruing benefits under money purchase pension scheme	<u>4</u>	<u>3</u>

In respect of the highest paid director:

	2023	2022
	£	£
Remuneration	<u>140,607</u>	<u>153,539</u>

Omega North East Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

9 Auditor's remuneration

	2023 £	2022 £
Audit of the financial statements	10,000	7,115

10 Taxation

Tax charged/(credited) in the income statement

	2023 £	2022 £
Current taxation		
UK corporation tax	119,976	(180,917)
UK corporation tax adjustment to prior periods	(844)	-
	<u>119,132</u>	<u>(180,917)</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(173,462)	90,004
Arising from changes in tax rates and laws	(53,281)	-
	<u>(226,743)</u>	<u>90,004</u>
Total deferred taxation	<u>(226,743)</u>	<u>90,004</u>
Tax receipt in the income statement	<u>(107,611)</u>	<u>(90,913)</u>

Omega North East Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

10 Taxation (continued)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2022 - the same as the standard rate of corporation tax in the UK) of 19% (2022 - 19%).

The differences are reconciled below:

	2023	2022
	£	£
(Loss)/profit before tax	<u>(135,755)</u>	<u>400,690</u>
Corporation tax at standard rate	(25,793)	76,131
Effect of revenues exempt from taxation	(28,416)	(26,758)
Effect of expense not deductible in determining taxable profit (tax loss)	723	378
UK deferred tax (credit)/expense relating to changes in tax rates or laws	(54,778)	73,192
Increase in UK and foreign current tax from adjustment for prior periods	653	-
Tax decrease from effect of adjustment in research and development tax credit	<u>-</u>	<u>(213,856)</u>
Total tax credit	<u>(107,611)</u>	<u>(90,913)</u>

Omega North East Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

10 Taxation (continued)

Deferred tax

Deferred tax assets and liabilities

	Asset £	Liability £
2023		
Fixed asset timing differences	-	(344,616)
Short term timing differences- trading	266,398	-
Short term timing differences- non trading	-	-
Losses	-	-
	<u>266,398</u>	<u>(344,616)</u>
	Asset £	Liability £
2022		
Fixed asset timing differences	-	(326,291)
Short term timing differences- trading	1,739	-
Short term timing differences- non trading	9,409	-
Losses	10,182	-
	<u>21,330</u>	<u>(326,291)</u>

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase from 19% to 25%. This new law was deemed substantively enacted on 24 May 2021 and the deferred tax balances at the year end have been calculated based on this rate.

Omega North East Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

11 Tangible assets

	Short leasehold land and buildings £	Fixtures and fittings £	Plant and machinery £	Office equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 April 2022	139,533	247,115	4,891,059	233,580	16,000	5,527,287
Additions	-	26,821	420,907	51,134	-	498,862
Disposals	-	-	(65,003)	-	-	(65,003)
At 31 March 2023	139,533	273,936	5,246,963	284,714	16,000	5,961,146
Depreciation						
At 1 April 2022	85,978	191,541	3,240,161	163,184	16,000	3,696,864
Charge for the year	9,226	25,194	418,558	43,749	-	496,727
Eliminated on disposal	-	-	(9,146)	-	-	(9,146)
At 31 March 2023	95,204	216,735	3,649,573	206,933	16,000	4,184,445
Carrying amount						
At 31 March 2023	44,329	57,201	1,597,390	77,781	-	1,776,701
At 31 March 2022	53,555	55,574	1,650,898	70,396	-	1,830,423

Included within the net book value of land and buildings above is £44,329 (2022 - £53,555) in respect of short leasehold land and buildings.

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2023 £	2022 £
Plant and Machinery	708,442	949,722

12 Stocks

2023	2022
------	------

Stocks

26

£	£
<u>539,171</u>	<u>554,493</u>

Omega North East Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

13 Debtors

Current	Note	2023 £	2022 £
Trade debtors		1,694,841	1,837,591
Amounts owed by related parties	<u>21</u>	694,923	710,308
Other debtors		-	329,902
Prepayments		337,928	283,713
Corporation tax asset	<u>10</u>	61,786	180,918
		<u>2,789,478</u>	<u>3,342,432</u>

14 Creditors

	Note	2023 £	2022 £
Due within one year			
Loans and borrowings	<u>15</u>	879,754	528,698
Trade creditors		925,397	979,439
Social security and other taxes		347,322	352,701
Directors loan accounts		113,040	113,040
Other creditors		108,123	22,773
Accrued expenses		337,263	751,466
		<u>2,710,899</u>	<u>2,748,117</u>
Due after one year			
Loans and borrowings	<u>15</u>	300,266	670,394

15 Loans and borrowings

Current loans and borrowings	Note	2023 £	2022 £
Bank borrowings		40,000	36,667
Hire purchase and finance lease liabilities		573,193	492,031
Other borrowings		266,561	-
		<u>879,754</u>	<u>528,698</u>
Non-current loans and borrowings			
Bank borrowings		85,625	130,000
Hire purchase and finance lease liabilities		198,633	454,741
Directors loan accounts	<u>21</u>	16,008	85,653
		<u>300,266</u>	<u>670,394</u>

Bank borrowings

Omega North East Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

15 Loans and borrowings (continued)

CBILs loan is denominated in £ with a nominal interest rate of 1.89% above Base Rate%, and the final instalment is due on 1 April 2026. The carrying amount at year end is £125,625 (2022 - £166,667).

The bank borrowings comprise of a CBILs loan which is interest bearing after the initial interest free 12 month period. This is unsecured borrowings.

Hire purchase and finance lease liabilities are secured against the asset to which they relate.

16 Provisions for liabilities

	Deferred tax £	Total £
At 1 April 2022	304,961	304,961
Increase (decrease) in existing provisions	<u>(226,743)</u>	<u>(226,743)</u>
At 31 March 2023	<u>78,218</u>	<u>78,218</u>

17 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £75,783 (2022 - £69,321).

Contributions totalling £14,054 (2022 - £14,132) were payable to the scheme at the end of the year and are included in creditors.

Omega North East Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

18 Share capital

Allotted, called up and fully paid shares

	No.	2023 £	No.	2022 £
Ordinary of £1 each	100,000	100,000	100,000	100,000

19 Reserves

Called up share capital

This reserve records the nominal value of the consideration for the shares.

Profit and loss account

This reserve records the retained earnings and accumulated losses.

20 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2023 £	2022 £
Not later than one year	189,091	206,601
Later than one year and not later than five years	711,743	757,394
Later than five years	147,549	324,608
	<u>1,048,383</u>	<u>1,288,603</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £205,678 (2022 - £206,601).

21 Related party transactions

The company undertook related party transactions with wholly owned members of the Omega Plastics Group Limited group during the year and has taken the exemption from disclosure of these transactions available under paragraph 33.1A of FRS 102.

Transactions with directors

Omega North East Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

21 Related party transactions (continued)

	At 1 April 2022 £	Repayments by director £	At 31 March 2023 £
2023			
C S Thompson			
Loan	97,340	(35,479)	61,861
D Crone			
Loan	101,353	(34,166)	67,187
2022			
C S Thompson			
Loan	147,084	(49,744)	97,340
D Crone			
Loan	151,045	(49,692)	101,353
C R Swinhoe			
Loan	52,702	(52,702)	-

22 Parent and ultimate parent undertaking

The company's immediate parent is Omega Plastics Group Limited, incorporated in England and Wales.

These financial statements are available upon request from Unit 431, Kingsway South, Team Valley Trading Estate, Gateshead, NE11 0JL

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