

Company registration number: **12345678**

Demo FRS 102 Section 1A
UNAUDITED FILLETED FINANCIAL STATEMENTS
for the year ended 31 December 2016

Sally 5, Chartered Accountant

1 Number Street, Numberville, Cheshire, NU1 3BR, United Kingdom

Demo FRS 102 Section 1A

Chartered Accountant's report to the board of directors on the preparation of the unaudited statutory financial statements of Demo FRS 102 Section 1A for the year ended 31 December 2016

Year ended 31 December 2016

In order to assist you to fulfil your duties under the Companies Act 2006, I have prepared for your approval the financial statements of Demo FRS 102 Section 1A for the year ended 31 December 2016 which comprise the income statement, statement of financial position and related notes from the company's accounting records and from information and explanations you have given me.

As a practising member of the Institute of Chartered Accountants in England and Wales (ICAEW), I am subject to its ethical and other professional requirements which are detailed at icaew.com/regulations.

This report is made solely to the Board of Directors of Demo FRS 102 Section 1A, as a body, in accordance with the terms of my engagement letter dated 1 July 2016. My work has been undertaken solely to prepare for your approval the financial statements of Demo FRS 102 Section 1A and state those matters that I have agreed to state to the Board of Directors of Demo FRS 102 Section 1A, as a body, in this report in accordance with ICAEW Technical Release 07/16 AAF. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than Demo FRS 102 Section 1A and its Board of Directors, as a body, for my work or for this report.

It is your duty to ensure that Demo FRS 102 Section 1A 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 Demo FRS 102 Section 1A. You consider that Demo FRS 102 Section 1A is exempt from the statutory audit requirement for the year.

I have not been instructed to carry out an audit or a review of the financial statements of Demo FRS 102 Section 1A. For this reason, I have not verified the accuracy or completeness of the accounting records or information and explanations you have given to me and I do not, therefore, express any opinion on the statutory financial statements.

Sally 5

Chartered Accountant

1 Number Street
Numberville
Cheshire
NU1 3BR
United Kingdom

Date: 1 June 2017

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Statement of Financial Position

31 December 2016

| | Note | 2016 £ | 2015 £ |
|----------------------------------------------------------------|------|----------------|-----------------|
| Fixed assets | | | |
| Tangible assets | 5 | 263,084 | 195,353 |
| Current assets | | | |
| Stocks | | 11,827 | 19,855 |
| Debtors | 6 | 150,933 | 73,020 |
| Cash at bank and in hand | | 328 | 61 |
| | | <u>163,088</u> | <u>92,936</u> |
| Creditors: amounts falling due within one year | 7 | (136,043) | (123,405) |
| Net current assets/(liabilities) | | <u>27,045</u> | <u>(30,469)</u> |
| Total assets less current liabilities | | <u>290,129</u> | <u>164,884</u> |
| Creditors: amounts falling due after more than one year | 8 | (48,822) | (27,449) |
| Provision for liabilities | | (4,266) | (4,266) |
| Net assets | | <u>237,041</u> | <u>133,169</u> |
| Capital and reserves | | | |
| Called up share capital | | 5,000 | 5,000 |
| Share premium | | 12,600 | 12,600 |
| Profit and loss account | | 219,441 | 115,569 |
| Shareholders funds | | <u>237,041</u> | <u>133,169</u> |

For the year ending 31 December 2016, 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.

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

The notes on pages 4 to 9 form part of these financial statements.

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Statement of Financial Position (continued)

31 December 2016

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

These financial statements were approved by the board of directors and authorised for issue on 1 June 2017, and are signed on behalf of the board by:

Mrs Janet Jensen
Director

Miss Dianna Denniston
Director

Mr Colin Makin
Director

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Notes to the Financial Statements

Year ended 31 December 2016

1 General information

The company is a private company limited by shares and is registered in England and Wales. The address of the registered office is 1A Section Road, Salford, Manchester, M1 1AA, United Kingdom.

2 Statement of compliance

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

The financial statements are prepared in sterling, which is the functional currency of the company.

TURNOVER

Turnover is measured at the fair value of the consideration received or receivable for goods supplied, 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.

CURRENT TAX

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.

TANGIBLE ASSETS

Tangible assets are initially measured at cost, and are subsequently measured at cost less any accumulated depreciation and accumulated impairment losses or at a revalued amount.

Any tangible assets carried at a revalued amount are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is recognised in other comprehensive income and accumulated in capital and reserves. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves. If a revaluation decrease exceeds the accumulated

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Notes to the Financial Statements (continued)

Year ended 31 December 2016

revaluation gains accumulated in capital and reserves in respect of that asset, the excess is recognised in profit or loss.

Depreciation 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:

| | |
|---------------------|-------------------|
| Land and buildings | 3% straight line |
| Plant and machinery | 20% straight line |

IMPAIRMENT

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 stocks to their present location and condition.

FINANCE LEASES AND HIRE PURCHASE CONTRACTS

Assets held under finance leases 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.

FINANCIAL INSTRUMENTS

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price and are subsequently measured as follows: Debt instruments are subsequently measured at amortised cost and commitments to receive a loan and to make a loan to another entity are subsequently measured at amortised cost. Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

All other financial instruments, including derivatives, are initially recognised at fair value, which is normally the transaction price and are subsequently measured at fair value, with any changes recognised in profit or loss.

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Notes to the Financial Statements (continued)

Year ended 31 December 2016

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

All equity instruments regardless of significance, and other financial assets that are individually significant, are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

DEFERRED TAX

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured on an undiscounted basis at the tax rates that would apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted at the statement of financial position date.

PROVISION FOR LIABILITIES

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 in finance costs in profit or loss in the period it arises.

4 Average number of employees

The average number of persons employed by the company during the year was 21 (2015: 19).

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Notes to the Financial Statements (continued)

Year ended 31 December 2016

5 Tangible assets

| | Land and buildings | Plant and machinery etc. | Total |
|------------------------|-----------------------|--------------------------------|----------------|
| | £ | £ | £ |
| Cost | | | |
| At 1 January 2016 | 123,460 | 89,866 | 213,326 |
| Additions | - | 89,408 | 89,408 |
| Disposals | - | (9,091) | (9,091) |
| At 31 December 2016 | <u>123,460</u> | <u>170,183</u> | <u>293,643</u> |
| Depreciation | | | |
| At 1 January 2016 | - | 17,973 | 17,973 |
| Charge | 3,704 | 17,973 | 21,677 |
| Disposals | - | (9,091) | (9,091) |
| At 31 December 2016 | <u>3,704</u> | <u>26,855</u> | <u>30,559</u> |
| Carrying amount | | | |
| At 31 December 2016 | <u>119,756</u> | <u>143,328</u> | <u>263,084</u> |
| At 31 December 2015 | <u>123,460</u> | <u>71,893</u> | <u>195,353</u> |

6 Debtors

| | 2016 | 2015 |
|---------------|----------------|---------------|
| | £ | £ |
| Trade debtors | 129,779 | 45,907 |
| Other debtors | 21,154 | 27,113 |
| | <u>150,933</u> | <u>73,020</u> |

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Notes to the Financial Statements (continued)

Year ended 31 December 2016

7 Creditors: amounts falling due within one year

| | 2016 | 2015 |
|------------------------------|----------------|----------------|
| | £ | £ |
| Bank loans and overdrafts | 67,457 | 47,877 |
| Trade creditors | 23,860 | 32,106 |
| Taxation and social security | 25,984 | 29,022 |
| Other creditors | 18,742 | 14,400 |
| | <u>136,043</u> | <u>123,405</u> |

The bank loans and overdrafts are secured by a fixed and floating charge over the company's assets. The finance leases included in other creditors are secured on the assets concerned.

8 Creditors: amounts falling due after more than one year

| | 2016 | 2015 |
|---------------------------|---------------|---------------|
| | £ | £ |
| Bank loans and overdrafts | 31,000 | 16,000 |
| Other creditors | 17,822 | 11,449 |
| | <u>48,822</u> | <u>27,449</u> |

The bank loan is secured by a fixed and floating charge over the company's assets. The finance leases included in other creditors are secured on the assets concerned. Bank loans outstanding at the year end include installments due after more than five years of £11,000 (2015 - £0).

The preference shares included in other creditors, which were issued at par, are redeemable between 31 December 2022 and 31 December 2023 at par at the option of the shareholder. Preference shares repayable in more than five years amount to £5,500 (2015 - £5,500).

9 Guarantees and other financial commitments

At 31 December 2016, the company had total commitments under non-cancellable operating leases over the remaining life of those leases of £177,935 (2015 - £78,890).

The company operated a defined contribution pension scheme, Demo Pension Scheme, for the directors and senior employees. At the statement of financial position date, unpaid contributions of £1,305 (2015 - £964) were due to the fund. They are included in other creditors.

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Notes to the Financial Statements (continued)

Year ended 31 December 2016

10 Directors advances, credit and guarantees

Included within other debtors is a loan to a director of £1,900 (2015 - £900). During the year, the amount advanced was £1,500 and the amount repaid was £500 which leaves a amount due of £1,900 this financial year. The loan is unsecured, interest free and repayable on demand.