

MONTROSE FASTENERS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



MONTROSE FASTENERS LIMITED
REGISTERED NUMBER: 02646431

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	4	148,201	130,896
Current assets			
Stocks	5	2,060,903	1,562,764
Debtors: amounts falling due within one year	6	2,314,055	2,234,689
Cash at bank and in hand	7	545,956	497,141
		<u>4,920,914</u>	<u>4,294,594</u>
Creditors: amounts falling due within one year	8	<u>(1,834,091)</u>	<u>(1,587,431)</u>
Net current assets		<u>3,086,823</u>	<u>2,707,163</u>
Total assets less current liabilities		<u>3,235,024</u>	<u>2,838,059</u>
Creditors: amounts falling due after more than one year	9	<u>(11,685)</u>	<u>(19,933)</u>
		<u>3,223,339</u>	<u>2,818,126</u>
Provisions for liabilities			
Deferred taxation	10	<u>(19,635)</u>	<u>(19,635)</u>
		<u>(19,635)</u>	<u>(19,635)</u>
Net assets		<u><u>3,203,704</u></u>	<u><u>2,798,491</u></u>
Capital and reserves			
Called up share capital	11	2,758	2,758
Other reserves		4,010	4,010
Profit and loss account		<u>3,196,936</u>	<u>2,791,723</u>
		<u><u>3,203,704</u></u>	<u><u>2,798,491</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

27/3/2019

MONTROSE FASTENERS LIMITED
REGISTERED NUMBER: 02646431

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018


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L D Wheeler
Director

The notes on pages 3 to 11 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

Montrose Fasteners Limited is a private company limited by shares, incorporated in England and Wales, registration number 02646431. The address of its principal place of business is Montrose House, Lancaster Road, Cressex Business Park, High Wycombe, Buckinghamshire, HP12 3PY.

The principal activity of the Company during the year was the manufacture and wholesale of industrial components.

2. Accounting policies

2.1. Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.3 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- over the term of the lease
Motor vehicles	- 25% on cost
Fixtures and fittings	- 25% on cost
Computer equipment	- 33% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.4 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.7 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.10 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.11 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Income and Retained Earnings so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

2.14 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018.

2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

3. Employees

The average monthly number of employees, including directors, during the year was 57 (period to December 2017 - 53).

MONTROSE FASTENERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Tangible fixed assets

	Short-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2018	17,870	92,958	364,958	172,494	648,280
Additions	-	8,750	76,055	1,218	86,023
At 31 December 2018	17,870	101,708	441,013	173,712	734,303
Depreciation					
At 1 January 2018	5,927	66,675	274,215	170,567	517,384
Charge for the year on owned assets	1,787	5,044	52,165	1,325	60,321
Charge for the year on financed assets	-	8,397	-	-	8,397
At 31 December 2018	7,714	80,116	326,380	171,892	586,102
Net book value					
At 31 December 2018	10,156	21,592	114,633	1,820	148,201
At 31 December 2017	11,943	26,283	90,743	1,927	130,896

The net book value of assets held under finance leases or hire-purchase contracts, included above, are as follows:

	2018 £
Motor vehicles	13,992
	<u>13,992</u>

MONTROSE FASTENERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. Stocks

	2018 £	2017 £
Finished goods and goods for resale	2,060,903	1,562,764

6. Debtors

	2018 £	2017 £
Trade debtors	1,379,639	1,408,666
Amounts owed by group undertakings	847,567	808,030
Other debtors	9,517	11,383
Prepayments and accrued income	77,190	6,610
Tax recoverable	142	-
	2,314,055	2,234,689

7. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	545,956	497,141

8. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	1,043,742	1,057,303
Amounts owed to group undertakings	250,000	-
Corporation tax	-	137,613
Other taxation and social security	210,297	170,179
Obligations under finance lease and hire purchase contracts	8,248	8,248
Accruals and deferred income	321,804	214,088
	1,834,091	1,587,431

MONTROSE FASTENERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts:	<u>11,685</u>	<u>19,933</u>

Secured loans

National Westminster Bank PLC holds a fixed charge over the cash in a deposit account to the sum of £18,000 as security against import deferment charges.

10. Deferred taxation

	2018 £
At beginning of year	(19,635)
Charged to profit or loss	-
At end of year	<u>(19,635)</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	<u>(19,635)</u>	<u>(19,635)</u>
	<u>(19,635)</u>	<u>(19,635)</u>

11. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
2,558 Ordinary shares of £1 each	2,558	2,558
100 A Ordinary shares of £1 each	100	100
100 B Ordinary shares of £1 each	100	100
	<u>2,758</u>	<u>2,758</u>

MONTROSE FASTENERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

12. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	230,680	230,680
Later than 1 year and not later than 5 years	380,012	610,692
	<u>610,692</u>	<u>841,372</u>

13. Related party transactions

At 31 December 2018 the Company was owed £3,796 (2017: £6,354) by Mr C D Ainsworth by way of a loan.

At 31 December 2018 the Company was owed £nil (2017: £2,010) by Kirkwood Property Management Limited by way of a loan. Rent of £176,420 for the year to 31 December 2018 (four months ended 31 December 2017: £57,373) was paid to Kirkwood Property Management Limited.

Mr C D Ainsworth is a Director and Shareholder of Kirkwood Property Management Limited.

In accordance with the exemption under Financial Reporting Standard 102 the Company does not disclose transactions with other wholly owned subsidiaries within the BUFAB Group.

14. Controlling party

Montrose Holdings Limited is the immediate parent company. Its registered office is Montrose House Lancaster Road, Cressex Business Park, High Wycombe, Buckinghamshire, HP12 3PY.

The ultimate parent undertaking is Bult Finnveden Aktiebolag (BUFAB AB), a public limited company in Sweden.

In the opinion of the Directors there is no ultimate controlling party.

15. Auditors' information

The audit report was unqualified and signed by Justin Moss, Senior Statutory Auditor, on behalf of MHA MacIntyre-Hudson.