

Registration number: 02685331

Capricorn Automotive Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018



Capricorn Automotive Limited

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Capricorn Automotive Limited
(Registration number: 02685331)
Balance Sheet as at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	4	1,415,019	1,022,907
Investments	5	<u>1</u>	<u>1</u>
		<u>1,415,020</u>	<u>1,022,908</u>
Current assets			
Stocks	6	158,710	288,732
Debtors	7	362,932	582,557
Cash at bank and in hand		<u>210,298</u>	<u>63,816</u>
		731,940	935,105
Creditors: Amounts falling due within one year	8	<u>(1,092,966)</u>	<u>(761,072)</u>
Net current (liabilities)/assets		<u>(361,026)</u>	<u>174,033</u>
Total assets less current liabilities		1,053,994	1,196,941
Creditors: Amounts falling due after more than one year	8	(1,570,785)	(526,662)
Provisions for liabilities		<u>-</u>	<u>(65,000)</u>
Net (liabilities)/assets		<u>(516,791)</u>	<u>605,279</u>
Capital and reserves			
Called up share capital	10	5,000,550	5,000,550
Profit and loss account		<u>(5,517,341)</u>	<u>(4,395,271)</u>
Total equity		<u>(516,791)</u>	<u>605,279</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the director on 30/9/18


Dr R W Wild
Director

Capricorn Automotive Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

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

The address of its registered office is:

Luytens Industrial Estate
Unit B-C
2 Bilton Rd
Basingstoke
Hampshire
RG24 8LJ

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 have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are presented in Great British Pounds, which is the company's functional currency.

Summary of disclosure exemptions

The company has taken advantage of the exemption in FRS102 Section 1A from disclosing transactions with other members of the group, where any subsidiary which is a party to the transaction is wholly owned by such a member.

Group accounts not prepared

The company has taken advantage of the exemption from preparing group accounts. These financial statements have been prepared for the company only.

Going concern

The company continues to have the support of the group and received further advances during the year in relation to the parent company loan. Furthermore, the company undertook a debt to equity transaction of £1,200,000 which was completed in January 2019. The parent company has provided assurances that it will continue to support the company and as such the director considers it appropriate that the accounts be prepared on a going concern basis.

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Notes to the Financial Statements for the Year Ended 31 December 2018

Judgements

In preparation of the financial statements, the directors have made the following judgements:

Determine whether leases entered into by the company are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Determine whether there are any indicators of impairments of the company's tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Key sources of estimation uncertainty

Tangible fixed assets are depreciated over their useful economic lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Stock is reviewed regularly for impairment and a stock provision is provided for accordingly on a line by line basis. Product life cycles, changing fashions, general market conditions and expected net realisable value are taken into consideration when determining the level of provision required.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of precision engineering goods. Turnover is shown net of value added tax, returns, rebates and discounts.

The company recognises revenue on delivery of the goods, when the risks and rewards of ownership are deemed to have passed to the buyer and it is probable that future economic benefits will flow to the entity.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change 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.

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.

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Notes to the Financial Statements for the Year Ended 31 December 2018

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
Land and buildings	10% straight line
Furniture, fittings and equipment	20% to 33% straight line
Other property, plant and equipment	6.67% to 33% straight line

Research and development

Research and development expenditure is written off as incurred.

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

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. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are 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.

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.

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Notes to the Financial Statements for the Year Ended 31 December 2018

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 Profit and Loss Account 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.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. 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 Balance Sheet as a finance lease obligation.

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

Sale and Leaseback transactions

When a sale and leaseback transaction results in a finance lease, no gain is immediately recognised for any excess of sales proceeds over the carrying amount of the asset. Instead, the proceeds are deferred and presented as a liability and subsequently measured at amortised cost using the effective interest method.

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.

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 an employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

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Notes to the Financial Statements for the Year Ended 31 December 2018

3 Staff numbers

The average number of persons employed by the company (including the director) during the year, was 28 (2017 - 26).

4 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Plant and Machinery £	Total £
Cost or valuation				
At 1 January 2018	779,139	323,280	3,641,944	4,744,363
Additions	622,576	-	56,307	678,883
Disposals	(779,139)	(27,278)	(273,593)	(1,080,010)
At 31 December 2018	<u>622,576</u>	<u>296,002</u>	<u>3,424,658</u>	<u>4,343,236</u>
Depreciation				
At 1 January 2018	665,322	316,951	2,739,183	3,721,456
Charge for the year	78,118	5,738	115,179	199,035
Eliminated on disposal	(723,440)	(26,815)	(242,019)	(992,274)
At 31 December 2018	<u>20,000</u>	<u>295,874</u>	<u>2,612,343</u>	<u>2,928,217</u>
Carrying amount				
At 31 December 2018	<u>602,576</u>	<u>128</u>	<u>812,315</u>	<u>1,415,019</u>
At 31 December 2017	<u>113,817</u>	<u>6,329</u>	<u>902,761</u>	<u>1,022,907</u>

Included within the net book value of land and buildings above is £602,576 (2017 - £113,817) in respect of long leasehold land and buildings.

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Notes to the Financial Statements for the Year Ended 31 December 2018

5 Investments

	2018 £	2017 £
Investments in subsidiaries	<u>1</u>	<u>1</u>
Subsidiaries		£
Cost or valuation		
At 1 January 2018		<u>1</u>
At 31 December 2018		<u>1</u>
Carrying amount		
At 31 December 2018		<u>1</u>
At 31 December 2017		<u>1</u>

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2018	2017
Subsidiary undertakings				
Capricorn Automotive Inc. USA	USA	Ordinary	100%	100%

The principal activity of Capricorn Automotive Inc. USA is that of a dormant company. The profit for the financial period was £nil and the aggregate amount of capital and reserves at the end of the period was £1.

6 Stocks

	2018 £	2017 £
Raw materials and consumables	27,202	21,635
Work in progress	75,489	127,266
Finished goods and goods for resale	<u>56,019</u>	<u>139,831</u>
	<u>158,710</u>	<u>288,732</u>

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Notes to the Financial Statements for the Year Ended 31 December 2018

7 Debtors

	2018 £	2017 £
Trade debtors	267,953	297,357
Prepayments	23,542	104,133
Other debtors	71,437	181,067
	362,932	582,557

8 Creditors

Creditors: amounts falling due within one year

	Note	2018 £	2017 £
Due within one year			
Bank loans and overdrafts	9	257,906	185,287
Trade creditors		553,449	460,502
Taxation and social security		25,812	47,703
Accruals and deferred income		137,071	64,179
Other creditors		118,728	3,401
		1,092,966	761,072

Creditors: amounts falling due after more than one year

	Note	2018 £	2017 £
Due after one year			
Loans and borrowings	9	1,570,785	526,662

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Notes to the Financial Statements for the Year Ended 31 December 2018

9 Loans and borrowings

	2018 £	2017 £
Non-current loans and borrowings		
Finance lease liabilities	487,111	-
Other borrowings	1,083,674	526,662
	1,570,785	526,662
	2018 £	2017 £
Current loans and borrowings		
Bank overdrafts	128,125	88,803
Finance lease liabilities	129,781	96,484
	257,906	185,287

Bank borrowings and bank overdrafts are secured by way of a debenture over the assets of the company.

Obligations under finance lease contracts are secured on the specific assets financed.

10 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary A shares of £1 each	550	550	550	550
Ordinary B shares of £1 each	1,000,000	1,000,000	1,000,000	1,000,000
Ordinary C shares of £1 each	1,000,000	1,000,000	1,000,000	1,000,000
Ordinary D shares of £1 each	1,000,000	1,000,000	1,000,000	1,000,000
Ordinary E shares of £1 each	1,000,000	1,000,000	1,000,000	1,000,000
Ordinary F shares of £1 each	500,000	500,000	500,000	500,000
Ordinary G shares of £1 each	500,000	500,000	500,000	500,000
	5,000,550	5,000,550	5,000,550	5,000,550

Each share is entitled to one vote in any circumstances and each share is also entitled pari passu to any distributions, including a distribution arising from a winding up of the company, except that the Directors may pay interim or final dividends on one or several classes of shares to the exclusion of any class or classes and may pay these dividends at different rates on the respective classes of shares.

11 Financial commitments, guarantees and contingencies

Amounts not provided for in the balance sheet

The total amount of financial commitments not included in the balance sheet is £15,601 (2017 - £518,569).

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Notes to the Financial Statements for the Year Ended 31 December 2018

12 Related party transactions

During the year, a group company settled liabilities of £50,737 on behalf of Capricorn Automotive Limited. The release of this liability has been recorded as a credit in the profit and loss account during the current year.

13 Parent and ultimate parent undertaking

The company's immediate parent is Capricorn HOLDING GmbH, incorporated in Germany.

The most senior parent entity producing publicly available financial statements is Capricorn HOLDING GmbH. These financial statements are available upon request from Speditionstraße 23, Düsseldorf, 40221, Germany.

The ultimate controlling party is Dr R W Wild by virtue of his majority shareholding.

14 Non adjusting events after the financial period

It was agreed on 31 January 2019 that a debt equity share capital swap would occur converting £1.2million of debt from the parent company into 1,200,000 £1 share split between A, F and G Ordinary shares. This has resulted in a corresponding increase in the company's net assets. There has been no change to the company's ultimate parent undertaking following the debt to equity swap.

15 Information relating to the Auditor's Report

The auditor's report on the accounts for the year ended 31 December 2018 was unqualified.

In their report the auditors emphasised the following matter without qualifying their report:

In forming our opinion on the financial statements, which is not modified in respect of this matter, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. The company recorded a loss before taxation of £1,182,600 during the year ended 31 December 2018 and, at that date, the company had net liabilities of £516,791. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

The name of the Senior Statutory Auditor who signed the audit report was Michael Wesley FCA, who signed for and on behalf of Wilkins Kennedy Audit Services.