

Company registration number 03296387 (England and Wales)

OMEGA NORTH EAST LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

OMEGA NORTH EAST LIMITED

COMPANY INFORMATION

Directors C R Swinhoe
G Owen
I Mallett (Appointed 4 September 2023)
D Crone

Secretary L Wilson

Company number 03296387

Registered office Omega Group
Kingsway South
Team Valley Trading Estate
Gateshead
Tyne & Wear
NE11 0JL

Auditor Azets Audit Services
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

OMEGA NORTH EAST LIMITED

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OMEGA NORTH EAST LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2024

The directors present the strategic report for the year ended 31 March 2024.

Principal activities

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

Review of the business

Turnover decreased year on year from £9,808,886 in FY23 to £7,241,742 in FY24.

It is important to note that the major factor, resulting in a 26% year on year sales reduction, occurred following a change in the purchasing policy of one particular customer. During 2024, sales for this customer, which had previously been carried out by Omega Plastics, were transferred to another Group company, Signal Plastics.

Whilst this change reduced the turnover in Omega Plastics in 2024, there was no detrimental impact on the overall Group turnover. During FY23 circa £1.7M sales relating to this customer were included in Omega's turnover.

Therefore, the true like for like sales comparison, was a reduction of 11% year on year.

Omega Moulding sales, like for like, (excluding the customer related sales above) increased year on year. The positive impact of our sector diversification strategy resulted in new moulding customers coming on board. This helped mitigate the impact of a reduction in sales to the automotive sector. Disruption in the automotive sector remained throughout the year.

UK Tooling sales fell slightly, from £2,619,632 in FY23 to £2,548,832 in FY24, a 2.7% decrease. However, sales were generated across multiple sectors, including automotive, filtration, medical, and industrial and technical.

Offshore Tooling sales, which had risen in FY23, saw a significant decline in FY24, reducing from £2,231,770 to £1,113,094, a decrease of 50.1%.

This reduction was primarily due to delayed CAPEX projects, which were impacted generally because of the economic uncertainty and rising interest rates and within the automotive sector by uncertainty surrounding the electrification platform and the transition to electric vehicles (EVs). However, some of these delayed projects are now expected to be released for tender in H2 FY25.

The change in work mix, through increased moulding sales and a reduction in offshore tooling sales, resulted in an increased GM% for Omega Plastics. In FY23 the reported GM% was 28.9%, whilst in FY24 it was 36.6%. A strong performance given all the challenges faced.

During FY24 Omega Plastics faced unprecedented challenges on costs and cost of execution. This impacted the ability to generate an even higher margin as not all these costs could be mitigated through efficiency gains or continuous improvement activities.

Overheads increased as a result of inflationary pressures and the rising energy costs.

As the year-on-year sales reduced, regardless of the increased GM%, the overall year on year contribution reduced from £2,837,944 in FY23 to £2,652,600 – a reduction of 6.5%.

This, coupled with increased overheads, as a result of inflationary pressures and rising people costs, resulted in an EBITDA of £250,715 vs. £452,074 for FY23.

The Board and Management worked closely to ensure that cost structures were reviewed, and all spends were the lowest possible and adjustments made at the right time.

OMEGA NORTH EAST LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

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 FY24 are set out below

Risk	Impact	Mitigation
Key customers	Omega Plastics has several key customers. There are risks that these key customers could come to an end for a variety of commercial reasons, which would adversely affect Omega Plastics revenue.	Where appropriate, Omega Plastics seeks to agree long term supply agreements with its customers. Omega Plastics endeavours to be commercially agile to be able to respond to evolving customer priorities whilst continuing its commitment to providing a market-leading service.
Key suppliers	Omega Plastics has several key suppliers. However, factors such as COVID, Brexit and the global semiconductor shortages has resulted in increased lead times on raw materials.	Omega Plastics works closely with its key suppliers to ensure that customer sales forecasts are shared, allowing any potential issues to be identified at the earliest opportunity. Where possible alternative 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 the property and business continuity.
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 service 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 service to customers.	Resources from Group 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 supports all the recruitment needs of Omega Plastics.

OMEGA NORTH EAST LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

Key performance indicators

OMEGA NORTH EAST LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

Post Year End/Outlook for financial year ended 31 March 2025 ("FY25")

The Board and management believe that continued increased cost pressures and operational disruption will continue into and impact FY25.

Material prices have continued to increase, the cost of labour has increased year on year, whilst at the same time experiencing difficulties in customers accepting the price increase. These pressures impact the GM% of both Moulding and Tooling activities.

Suppliers have continued to increase their prices on a frequent basis. This has impacted both Moulding and Tooling performance. The way we buy raw materials and bought out components has been reviewed and challenged to ensure that the best price possible is obtained. A key objective for FY25.

Disruption seen in the automotive sector throughout FY25 has impacted operational performance. Order cancellations, extended OEM shutdown periods, and halts to customer production, has resulted in operational challenges and inefficiencies. Planning, additional tool changes, buying material for orders which are then cancelled, and underutilised labour, are all a consequence of disruption felt in the automotive sector.

The sector diversification strategy, implemented during the year, did achieve the introduction of new moulding customers. This helped to mitigate the impact of lost sales and disruption seen in the automotive sector. As a result, Moulding sales have remained buoyant throughout FY25. The operations team have worked hard on ensuring that capacity and demand have remained in balance throughout. Cost control will remain a key focus point, ensuring that a healthy GM% is achieved. Continuous improvement activities have been carried out throughout the year and the lessons learned have been shared between both Omega and Signal Plastics.

We expect to see Moulding sales increase year on year and at a healthy GM%.

The disruption in the automotive sector has not only impacted Moulding sales, but also Tooling order intake, both Inhouse and Offshore.

The larger Offshore Tooling packages, linked to OEM electric vehicle platforms have not yet materialised. These projects which were budgeted for Q2 & Q3, have now moved out to Q4 and, as a result, Offshore sales will end the year down on budget and on FY24 performance levels.

Inhouse Tooling customers are becoming more price sensitive. Order intake has been lower than expectations throughout FY25. As a result, the pricing model has been reviewed to ensure pricing remains competitive. The sales pipeline is starting to become more buoyant and we are expecting a strong Q4. Whilst the sales were not at the budgeted levels throughout FY25, new methods of working have been reviewed to achieve efficiency gains to protect the GM%.

MBO Completion

Between October and November 2024, the Group successfully completed a Management Buyout (MBO) of the Omega Plastics Group, led by co-owner Dave Crone, who become Group Managing Director and Gary Owen, Finance Director and Ian Mallett, Group Operations Director.

The MBO is a key milestone in the Group's journey. For the first time, the Group is owned by those working within it and not external investor. This transition ensures that the Group remains under the control of an experienced leadership team, committed to driving the business forward with agility and strategic vision.

As part of the MBO, additional funding was secured for the Group to provide resilience and provide the platform for medium term growth as the injection moulding sector begins to recover.

As part of this MBO process, as exiting sellers, Craig Swinhoe, former Chief Executive Officer and then Executive Chair will leave his position as Executive Chair and Chris Thompson will leave his position as non-executive director. The Group has begun the process of recruiting a new Sales and Commercial Director. This appointment will be vital in driving growth in new sectors and enhancing the Group's diversification strategy. The new Sales and Commercial Director will play a key role in executing the strategic objectives of the MBO and leading the company through the next phase of its development.

OMEGA NORTH EAST LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

Outlook

The Board expects some of these challenges to continue for throughout FY25, before stabilising. Further difficult pricing conversations with customers are anticipated.

Updated strategic objectives are in place for FY25 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 19 December 2024 and signed on its behalf by:

D Crone

Director

19 December 2024

OMEGA NORTH EAST LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2024

The directors present their annual report and financial statements for the year ended 31 March 2024.

Results and dividends

The results for the year are set out on page 12.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C R Swinhoe

G Owen

C S Thompson

(Resigned 1 April 2024)

J Jamieson

(Resigned 26 July 2024)

P A Sayer

(Resigned 1 December 2023)

I Mallett

(Appointed 4 September 2023)

D Crone

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 cashflow 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.

OMEGA NORTH EAST LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

Future developments

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

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.

Auditor

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

D Crone

Director

19 December 2024

OMEGA NORTH EAST LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2024

The directors are responsible 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 then 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 2024 which comprise the statement of comprehensive income, the statement of financial position, the 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 2024 and of its profit 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's 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 directors' 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

OMEGA NORTH EAST LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF OMEGA NORTH EAST LIMITED

Matters on which we are required to report by exception

In the light of the 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 or 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 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 directors' responsibilities statement, 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.

Auditor's 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.

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

OMEGA NORTH EAST LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF OMEGA NORTH EAST LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

We identified the following applicable laws and regulations 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.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of 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 indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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 ACCA
Senior Statutory Auditor
For and on behalf of Azets Audit Services

20 December 2024

Chartered Accountants
Statutory Auditor

Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

OMEGA NORTH EAST LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £	2023 £
Turnover	3	7,241,742	9,808,886
Cost of sales		(4,616,142)	(6,970,942)
Gross profit		<u>2,625,600</u>	<u>2,837,944</u>
Administrative expenses		(3,569,338)	(3,286,933)
Other operating income		637,444	402,201
Operating loss	4	<u>(306,294)</u>	<u>(46,788)</u>
Interest payable and similar expenses	8	(52,382)	(88,967)
Loss before taxation		<u>(358,676)</u>	<u>(135,755)</u>
Tax on loss	9	459,249	107,611
Profit/(loss) for the financial year		<u><u>100,573</u></u>	<u><u>(28,144)</u></u>

The income statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 15 to 27 form part of these financial statements.

OMEGA NORTH EAST LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

		2024		2023	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		1,297,414		1,776,701
Current assets					
Stocks	11	460,102		539,171	
Debtors	12	2,572,950		2,789,478	
Cash at bank and in hand		113,614		48,071	
		<u>3,146,666</u>		<u>3,376,720</u>	
Creditors: amounts falling due within one year	13	<u>(2,121,701)</u>		<u>(2,710,899)</u>	
Net current assets			<u>1,024,965</u>		<u>665,821</u>
Total assets less current liabilities			<u>2,322,379</u>		<u>2,442,522</u>
Creditors: amounts falling due after more than one year	14		(157,768)		(300,266)
Provisions for liabilities					
Deferred tax liability	17	<u>-</u>		<u>78,218</u>	
			<u>-</u>		<u>(78,218)</u>
Net assets			<u>2,164,611</u>		<u>2,064,038</u>
Capital and reserves					
Called up share capital	19		100,000		100,000
Profit and loss reserves			<u>2,064,611</u>		<u>1,964,038</u>
Total equity			<u>2,164,611</u>		<u>2,064,038</u>

The notes on pages 15 to 27 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 19 December 2024 and are signed on its behalf by:

G Owen
Director

Company Registration No. 03296387

OMEGA NORTH EAST LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2022	100,000	1,992,182	2,092,182
Year ended 31 March 2023:			
Loss and total comprehensive income for the year	-	(28,144)	(28,144)
Balance at 31 March 2023	100,000	1,964,038	2,064,038
Year ended 31 March 2024:			
Profit and total comprehensive income for the year	-	100,573	100,573
Balance at 31 March 2024	100,000	2,064,611	2,164,611

The notes on pages 15 to 27 form part of these financial statements.

OMEGA NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

Company information

Omega North East Limited is a private company limited by shares incorporated in England and Wales. The registered office is Omega Group, Kingsway South, Team Valley Trading Estate, Gateshead, Tyne & Wear, NE11 0JL.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Omega Plastics Group Limited. These consolidated financial statements are available from its registered office, Kingsway South, Team Valley Trading Estate, Gateshead, Tyne and Wear, NE11 0JL.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

OMEGA NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies (Continued)

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Improvements to property	10% straight line
Plant and machinery	10% straight line
Fixtures and Fittings	20 - 50% straight line
Office Equipment	25 - 33% straight line
Motor Vehicles	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 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.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

OMEGA NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

1.8 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

OMEGA NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

OMEGA NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies (Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no significant accounting estimates or judgements.

3 Turnover

	2024	2023
	£	£
Turnover analysed by class of business		
Sale of goods	7,241,742	9,808,886
	<u>7,241,742</u>	<u>9,808,886</u>

OMEGA NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

3 Turnover (Continued)

	2024	2023
	£	£
Turnover analysed by geographical market		
UK	6,806,807	9,160,952
Europe	420,595	601,516
Rest of world	14,340	46,418
	<u>7,241,742</u>	<u>9,808,886</u>

4 Operating loss

	2024	2023
	£	£
Operating loss for the year is stated after charging:		
Exchange losses	369	1,440
Depreciation of owned tangible fixed assets	556,640	496,727
(Profit)/loss on disposal of tangible fixed assets	-	7,813
Operating lease charges	267,429	247,861
	<u>267,429</u>	<u>247,861</u>

5 Auditor's remuneration

	2024	2023
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	21,000	10,000
	<u>21,000</u>	<u>10,000</u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2024	2023
	Number	Number
Management	5	10
Administration and support	27	23
Operations	61	61
	<u>93</u>	<u>94</u>
Total	<u>93</u>	<u>94</u>

OMEGA NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

6 Employees (Continued)

Their aggregate remuneration comprised:

	2024	2023
	£	£
Wages and salaries	3,337,097	3,178,162
Social security costs	331,611	327,928
Pension costs	183,296	75,783
	<u>3,852,004</u>	<u>3,581,873</u>

7 Directors' remuneration

	2024	2023
	£	£
Remuneration for qualifying services	446,285	468,439
Company pension contributions to defined contribution schemes	22,390	12,900
	<u>468,675</u>	<u>481,339</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2023 - 4).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2024	2023
	£	£
Remuneration for qualifying services	86,939	140,607
Company pension contributions to defined contribution schemes	4,844	-
	<u>91,783</u>	<u>140,607</u>

8 Interest payable and similar expenses

	2024	2023
	£	£
Other interest on financial liabilities	2,569	5,715
Interest on finance leases and hire purchase contracts	49,813	83,252
	<u>52,382</u>	<u>88,967</u>

9 Taxation

	2024	2023
	£	£
Current tax		
UK corporation tax on profits for the current period	(220,596)	119,976
Adjustments in respect of prior periods	(121,037)	(844)
	<u>(341,633)</u>	<u>119,132</u>

OMEGA NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

9 Taxation	(Continued)	
	2024 £	2023 £
Deferred tax		
Origination and reversal of timing differences	(117,616)	(173,462)
Changes in tax rates	-	(54,778)
Adjustment in respect of prior periods	-	1,497
	<u> </u>	<u> </u>
Total deferred tax	(117,616)	(226,743)
	<u> </u>	<u> </u>
Total tax credit	(459,249)	(107,611)
	<u> </u>	<u> </u>

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2024 £	2023 £
Loss before taxation	(358,676)	(135,755)
	<u> </u>	<u> </u>
Expected tax credit based on the standard rate of corporation tax in the UK of 25.00% (2023: 19.00%)	(89,669)	(25,793)
Tax effect of expenses that are not deductible in determining taxable profit	-	723
Tax effect of income not taxable in determining taxable profit	-	(28,416)
Adjustments in respect of prior years	(121,036)	653
Effect of change in corporation tax rate	-	(54,778)
Research and development tax credit	(248,544)	-
	<u> </u>	<u> </u>
Taxation credit for the year	(459,249)	(107,611)
	<u> </u>	<u> </u>

OMEGA NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

10 Tangible fixed assets	Improvements to property £	Plant and machinery £	Fixtures and Fittings £	Office Motor Vehicles Equipment £	£	Total £
Cost						
At 1 April 2023	139,533	5,246,963	273,936	284,714	16,000	5,961,146
Additions	-	37,351	4,321	35,681	-	77,353
At 31 March 2024	<u>139,533</u>	<u>5,284,314</u>	<u>278,257</u>	<u>320,395</u>	<u>16,000</u>	<u>6,038,499</u>
Depreciation and impairment						
At 1 April 2023	95,204	3,649,573	216,735	206,933	16,000	4,184,445
Depreciation charged in the year	9,712	452,740	27,853	66,335	-	556,640
At 31 March 2024	<u>104,916</u>	<u>4,102,313</u>	<u>244,588</u>	<u>273,268</u>	<u>16,000</u>	<u>4,741,085</u>
Carrying amount						
At 31 March 2024	<u>34,617</u>	<u>1,182,001</u>	<u>33,669</u>	<u>47,127</u>	<u>-</u>	<u>1,297,414</u>
At 31 March 2023	<u>44,329</u>	<u>1,597,390</u>	<u>57,201</u>	<u>77,781</u>	<u>-</u>	<u>1,776,701</u>

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2024 £	2023 £
Plant and machinery	<u>431,975</u>	<u>708,442</u>
11 Stocks		
	2024 £	2023 £
Raw materials and consumables	<u>460,102</u>	<u>539,171</u>
12 Debtors		
Amounts falling due within one year:	£	£
Trade debtors	901,613	1,694,841
Corporation tax recoverable	-	61,786
Amounts owed by group undertakings	893,858	694,923
Other debtors	346,647	-
Prepayments and accrued income	391,434	337,928
	<u>2,533,552</u>	<u>2,789,478</u>

OMEGA NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

12 Debtors		(Continued)	
		2024	2023
		£	£
Amounts falling due after more than one year:			
	Deferred tax asset (note 17)	39,398	-
	Total debtors	2,572,950	2,789,478
13 Creditors: amounts falling due within one year		2024	2023
		£	£
		Notes	
	Bank loans	15	40,000
	Obligations under finance leases	16	167,024
	Trade creditors		743,667
	Corporation tax		27,948
	Other taxation and social security		303,387
	Other creditors		330,914
	Accruals and deferred income		508,761
			<u>2,121,701</u>
			<u>2,710,899</u>
14 Creditors: amounts falling due after more than one year		2024	2023
		£	£
		Notes	
	Bank loans and overdrafts	15	43,334
	Obligations under finance leases	16	114,434
	Other creditors		-
			<u>157,768</u>
			<u>300,266</u>
15 Loans and overdrafts		2024	2023
		£	£
	Bank loans	83,334	125,625
		<u>83,334</u>	<u>125,625</u>
	Payable within one year	40,000	40,000
	Payable after one year	43,334	85,625
		<u>43,334</u>	<u>85,625</u>

OMEGA NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

15 Loans and overdrafts (Continued)

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

CBILs loan is denominated in £ with a nominal interest rate of 1.89% above Base Rate %. The final instalment is due on 1 April 2026. The carrying amount at year end is £83,334 (2023 - £125,625).

16 Finance lease obligations

	2024	2023
	£	£
Future minimum lease payments due under finance leases:		
Within one year	167,024	573,193
In two to five years	114,434	198,633
	281,458	771,826
	281,458	771,826

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2024	Liabilities 2023	Assets 2024	Assets 2023
	£	£	£	£
Balances:				
Accelerated capital allowances	-	344,616	(224,846)	-
Short term timing differences	-	(266,398)	264,244	-
	-	78,218	39,398	-
	-	78,218	39,398	-
Movements in the year:				2024
				£
Liability at 1 April 2023				78,218
Credit to profit or loss				(117,616)
				(39,398)
Asset at 31 March 2024				(39,398)

OMEGA NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

18 Retirement benefit schemes

	2024	2023
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	183,296	75,783
	<u>183,296</u>	<u>75,783</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £9,306 (2023: £14,054) were payable to the scheme at the end of the year and are included in creditors.

19 Share capital

	2024	2023	2024	2023
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	100,000	100,000	100,000	100,000
	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024	2023
	£	£
Within one year	180,566	189,091
Between two and five years	708,236	711,743
In over five years	-	147,549
	<u>888,802</u>	<u>1,048,383</u>

21 Events after the reporting date

As described in the Strategic Report, between October and November 2024, the Group successfully completed a Management Buyout (MBO) of the Omega Plastics Group, led by co-owner Dave Crone, who become Group Managing Director and Gary Owen, Finance Director and Ian Mallett, Group Operations Director.

As part of the MBO, additional funding was secured for the Group to provide resilience and provide the platform for medium term growth as the injection moulding sector begins to recover.

As part of this MBO process, as exiting sellers, Craig Swinhoe, former Chief Executive Officer and then Executive Chair will leave his position as Executive Chair and Chris Thompson will leave his position as non-executive director.

22 Directors' transactions

Description	% Rate	Opening interest charged balance	Amounts repaid	Closing balance
		£	£	£

OMEGA NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

22	Directors' transactions				(Continued)	
	C S Thompson Loan	5.00	61,861	1,284	(23,550)	39,595
	D Crone Loan	5.00	67,187	1,284	(23,550)	44,921
			<u>129,048</u>	<u>2,568</u>	<u>(47,100)</u>	<u>84,516</u>

23 Ultimate controlling party

The company's immediate parent company 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.

The ultimate controlling party, following the MBO is considered to be D Crone.

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