

Registration number: 02685331

# Capricorn Automotive Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2016

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# Capricorn Automotive Limited

## Contents

Company Information	1
Balance Sheet	2
Notes to the Financial Statements	3 to 12

# Capricorn Automotive Limited

## Company Information

<b>Directors</b>	Dr R W Wild P Wonnacott
<b>Registered office</b>	Unit 1 Horizon Kingsland Business Park Wade Road Basingstoke Hampshire RG24 8EN
<b>Auditors</b>	Wilkins Kennedy LLP Chartered Accountants & Statutory Auditor Templars House Lulworth Close Chandlers Ford Hampshire SO53 3TL

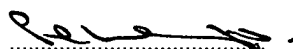
**Capricorn Automotive Limited**  
**(Registration number: 02685331)**  
**Balance Sheet as at 31 December 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	6	1,257,750	1,633,970
Investments		<u>1</u>	<u>1</u>
		<u>1,257,751</u>	<u>1,633,971</u>
<b>Current assets</b>			
Stocks	8	349,635	356,367
Debtors	9	633,487	595,121
Cash at bank and in hand		<u>10,110</u>	<u>23,361</u>
		993,232	974,849
<b>Creditors: Amounts falling due within one year</b>	10	<u>(723,187)</u>	<u>(914,254)</u>
<b>Net current assets</b>		<u>270,045</u>	<u>60,595</u>
<b>Total assets less current liabilities</b>		1,527,796	1,694,566
<b>Creditors: Amounts falling due after more than one year</b>	10	<u>(295,528)</u>	<u>(932,768)</u>
<b>Net assets</b>		<u>1,232,268</u>	<u>761,798</u>
<b>Capital and reserves</b>			
Called up share capital		5,000,550	4,000,550
Profit and loss account		<u>(3,768,282)</u>	<u>(3,238,752)</u>
Total equity		<u>1,232,268</u>	<u>761,798</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.

As permitted by s444(5A) of the Companies Act 2006 the directors have not delivered to the Registrar a copy of the company's Profit and Loss Account.

Approved and authorised by the Board on 25<sup>th</sup> Sept 2017 and signed on its behalf by:



P Wonnacott  
 Director

# Capricorn Automotive Limited

## Notes to the Financial Statements for the Year Ended 31 December 2016

### 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:

Unit 1 Horizon  
Kingsland Business Park  
Wade Road  
Basingstoke  
Hampshire  
RG24 8EN

### 2 Information relating to the Auditor's Report

The auditors report on the accounts for the year ended 31 December 2016 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, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the company's ability to continue as a going concern. The company recorded a loss of £529,530 during the year ended 31 December 2016 and, at that date, the company had net assets of £1,232,268. These conditions, along with the other matters explained in note 3 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 audit report was signed by Bruce Elkins FCA on behalf of Wilkins Kennedy LLP.

### 3 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.

#### 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.

## Capricorn Automotive Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### Going concern

The UK economy is in a state of uncertainty following the country's vote to leave the EU, where the parent and other group companies are based. The company continues to have the support of the group, with whom a debt to equity transaction of £1,000,000 was completed during the year in relation to the parent company loan. The parent company has provided assurances that it will continue to support the company and as such the directors consider it appropriate that the accounts be prepared on a going concern basis.

#### 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 goods in the ordinary course of the Company's activities. Turnover is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the company.

The Company recognises revenue when:

The amount of revenue can be reliably measured;  
it is probable that future economic benefits will flow to the entity;  
and specific criteria have been met for each of the Company's activities.

#### 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.

## Capricorn Automotive Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 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.

#### 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

#### Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

#### Research and development

Research and development expenditure is written off as incurred.

#### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	5% straight line

#### 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.

## Capricorn Automotive Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 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.

#### 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.

## Capricorn Automotive Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 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.

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

#### 4 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 27 (2015 - 40).

## Capricorn Automotive Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 5 Intangible assets

	<b>Goodwill</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>Cost or valuation</b>		
At 1 January 2016	7,309	7,309
At 31 December 2016	7,309	7,309
<b>Amortisation</b>		
At 1 January 2016	7,309	7,309
At 31 December 2016	7,309	7,309
<b>Carrying amount</b>		
At 31 December 2016	-	-
At 31 December 2015	-	-

The aggregate amount of research and development expenditure recognised as an expense during the period is £30,988 (2015 - £1,208).

#### 6 Tangible assets

	<b>Land and buildings</b>	<b>Furniture, fittings and equipment</b>	<b>Other property, plant and equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost or valuation</b>				
At 1 January 2016	779,139	323,280	4,472,587	5,575,006
Additions	-	-	20,000	20,000
Disposals	-	-	(850,643)	(850,643)
At 31 December 2016	779,139	323,280	3,641,944	4,744,363
<b>Depreciation</b>				
At 1 January 2016	490,983	296,332	3,153,721	3,941,036
Charge for the year	87,163	11,420	170,655	269,238
Eliminated on disposal	-	-	(723,661)	(723,661)
At 31 December 2016	578,146	307,752	2,600,715	3,486,613
<b>Carrying amount</b>				
At 31 December 2016	200,993	15,528	1,041,229	1,257,750
At 31 December 2015	288,156	26,948	1,318,866	1,633,970

Included within the net book value of land and buildings above is £Nil (2015 - £Nil) in respect of freehold land and buildings and £200,993 (2015 - £288,156) in respect of long leasehold land and buildings.

## Capricorn Automotive Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 7 Investments

	2016 £	2015 £
Investments in subsidiaries	1	1
<b>Subsidiaries</b>		<b>£</b>
<b>Cost or valuation</b>		
At 1 January 2016		1
At 31 December 2016		1
<b>Carrying amount</b>		
At 31 December 2016		1
At 31 December 2015		1

#### 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	
			2016	2015
<b>Subsidiary undertakings</b>				
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.

#### 8 Stocks

	2016 £	2015 £
Raw materials and consumables	93,514	117,646
Work in progress	156,224	141,771
Finished goods and goods for resale	99,897	96,950
	349,635	356,367

**Capricorn Automotive Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2016**

**9 Debtors**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade debtors	242,113	280,575
Other debtors	391,374	314,546
	<u>633,487</u>	<u>595,121</u>
Less non-current portion	<u>(147,114)</u>	<u>(187,979)</u>
Total current trade and other debtors	<u><u>486,373</u></u>	<u><u>407,142</u></u>

**10 Creditors**

	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
<b>Due within one year</b>			
Bank loans and overdrafts	12	236,736	290,449
Trade creditors		385,496	470,000
Taxation and social security		31,925	79,255
Other creditors		69,030	74,550
		<u>723,187</u>	<u>914,254</u>
<b>Due after one year</b>			
Loans and borrowings	12	<u>295,528</u>	<u>932,768</u>

## Capricorn Automotive Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 11 Share capital

##### Allotted, called up and fully paid shares

	2016		2015	
	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	500,000	500,000
Ordinary E shares of £1 each	1,000,000	1,000,000	500,000	500,000
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
	<u>5,000,550</u>	<u>5,000,550</u>	<u>4,000,550</u>	<u>4,000,550</u>

##### New shares allotted

During the year 500,000 Ordinary D shares having an aggregate nominal value of £500,000 were allotted for an aggregate consideration of £500,000. The shares were issued to convert debt to share capital.

During the year 500,000 Ordinary E shares having an aggregate nominal value of £500,000 were allotted for an aggregate consideration of £500,000. The shares were issued to convert debt to share capital.

#### 12 Loans and borrowings

	2016	2015
	£	£
<b>Non-current loans and borrowings</b>		
Bank borrowings	10,691	-
Finance lease liabilities	76,000	147,243
Other borrowings	208,837	785,525
	<u>295,528</u>	<u>932,768</u>
<b>Current loans and borrowings</b>		
Bank borrowings	11,306	-
Bank overdrafts	149,430	197,089
Finance lease liabilities	76,000	93,360
	<u>236,736</u>	<u>290,449</u>

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.

## Capricorn Automotive Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### **13 Financial commitments, guarantees and contingencies**

The total amount of financial commitments not included in the balance sheet is £846,989 (2015 - £1,196,185).

#### **14 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.

#### **15 Transition to FRS 102**

This is the first year that the company has prepared its results under FRS 102 Section 1A (Small Entities). The last financial statements under the UK GAAP were for the year ended 31 December 2015. The date of transition to FRS 102 Section 1A (Small Entities) was 1 January 2015. The changes in accounting policies have no impact to the profit and the total equity as at 1 January 2015 and 31 December 2015 between UK GAAP as previously reported and FRS 102.