

REGISTERED NUMBER: 00516559 (England and Wales)

REGAL MANUFACTURING LIMITED
STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



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FOR THE YEAR ENDED 31 DECEMBER 2018**

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REGAL MANUFACTURING LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

DIRECTORS:	D Martin T E Valentyn P A Blackwell J R Longley
SECRETARY:	Gravitas Company Secretarial Services Limited
REGISTERED OFFICE:	1 New Change London EC4M 9AF
REGISTERED NUMBER:	00516559 (England and Wales)
SENIOR STATUTORY AUDITOR:	Damon Brain FCA FMAAT
AUDITORS:	Duncan & Toplis Limited, Statutory Auditor 4 Henley Way Doddington Road Lincoln Lincolnshire LN6 3QR
BANKERS:	J.P.Morgan 25 Bank Street Canary Wharf Floor 19 London E14 5JP

REGAL MANUFACTURING LIMITED (REGISTERED NUMBER: 00516559)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their strategic report for the year ended 31 December 2018.

REVIEW OF BUSINESS

2018 was a good year in terms of sales and profitability. Sales for Regal Manufacturing Limited have increased from £23.01m in 2017 to £23.03m in 2018. Increasing commodity prices for copper, steel and aluminium and some uncertainty in the currency markets have resulted in a drop in gross profits of £0.8m despite maintaining a more effective cost profile across our business sectors.

PRINCIPAL RISKS AND UNCERTAINTIES

The company is affected by a number of factors, the principal ones of which are:

o The company is exposed to the risk of negative developments in global and regional economies and financial markets, either directly or through the impact on the company's bankers, suppliers or customers. These developments can result in recession, inflation, deflation, currency fluctuations, and restrictions in the availability of credit, business failures in the customer or supplier base, or increases in financing costs, and in the cost of utilities, raw materials and finished products. Such developments might increase operating costs, reduce revenues, lower asset values or result in the business being unable to meet in full its strategic objectives.

o The company operates in a competitive market, and failure to compete effectively in terms of price, product specification or levels of service can have an adverse effect on demand and / or margins.

The company mitigates risk in several ways:

o The company has in place an organisational structure with clearly defined lines of responsibility and delegation of authority. There are established policies and procedures for the setting of corporate strategies; financial planning and budgeting; for information and reporting systems; for systems of operational and financial internal control; for assessment of risk; and for monitoring operations and performance.

o Management and staff at all levels work closely with customers and suppliers to operate as effectively and efficiently as possible, whilst maintaining long term working relationships, innovation and good lines of communication.

o The company operates a recruitment and selection process to ensure employees are experienced and competent in their work. The workforce is trained to be alert, responsive to customer needs, and to operate in line with the company's corporate objectives.

RESEARCH AND DEVELOPMENT

The company has an in-house research and development activity which is designed to ensure the company remains at the forefront of motor manufacturing.

REGAL MANUFACTURING LIMITED (REGISTERED NUMBER: 00516559)

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

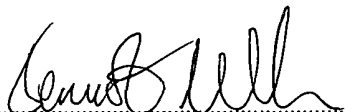
FUTURE DEVELOPMENTS

In the first half 2019 the level of demand was weaker than expected but we expect to finish the year strongly. The company has continued to invest in its production capability for the manufacture and assembly of fans, fan decks and gearboxes as well as developing its core products to meet the demands of our customers' marketplace.

There have been increases in costs which have placed pressure on profitability but the company strives to source from low cost, high quality, suppliers so that it can provide its customers with a good value, high quality, product together with flexibility and engineering expertise. The company believes this will ensure that it maintains its position in the marketplace.

Future growth is being sought from the UK & European market. While there is still some uncertainty in the market, our increased product range and quality improvements should leave us in a good position to build further on the previous growth achieved.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'D Martin', is written over a dotted line.

D Martin - Director

Date: 29/4/19

REGAL MANUFACTURING LIMITED (REGISTERED NUMBER: 00516559)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture and sale of electric motors.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

D Martin
T E Valentyn

Other changes in directors holding office are as follows:

M J Gliebe - resigned 31 December 2018
C Hinrichs - resigned 31 March 2018
P A Blackwell - appointed 31 March 2018
R A Lazzerini - appointed 31 March 2018

J R Longley was appointed as a director after 31 December 2018 but prior to the date of this report.

R A Lazzerini ceased to be a director after 31 December 2018 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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.

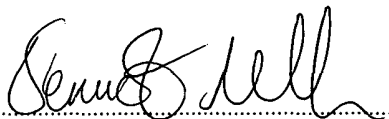
REGAL MANUFACTURING LIMITED (REGISTERED NUMBER: 00516559)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'D Martin', written over a dotted line.

D Martin - Director

Date: 29/4/19

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF REGAL MANUFACTURING LIMITED

Opinion

We have audited the financial statements of Regal Manufacturing Limited (the 'company') for the year ended 31 December 2018 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of 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 December 2018 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 Auditors' 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
REGAL MANUFACTURING 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 Report of the Directors.

We have nothing to report in respect of the following matters where 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 directors' 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 Statement of Directors' Responsibilities set out on page four, 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 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.

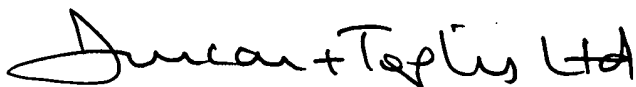
Auditors' responsibilities for the audit of the financial statements

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 a Report of the Auditors 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 for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.



Damon Brain FCA FMAAT (Senior Statutory Auditor)
for and on behalf of Duncan & Toplis Limited, Statutory Auditor
4 Henley Way
Doddington Road
Lincoln
Lincolnshire
LN6 3QR

Date: 24 May 2019

REGAL MANUFACTURING LIMITED (REGISTERED NUMBER: 00516559)

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
TURNOVER	3	23,034,845	23,011,978
Cost of sales		18,174,598	17,506,290
GROSS PROFIT		4,860,247	5,505,688
Distribution costs		446,837	430,662
Administrative expenses		2,148,731	2,008,082
		2,595,568	2,438,744
OPERATING PROFIT		2,264,679	3,066,944
Interest payable and similar expenses	5	207,553	207,411
PROFIT BEFORE TAXATION	6	2,057,126	2,859,533
Tax on profit	7	379,071	767,052
PROFIT FOR THE FINANCIAL YEAR		1,678,055	2,092,481

The notes form part of these financial statements

REGAL MANUFACTURING LIMITED (REGISTERED NUMBER: 00516559)

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

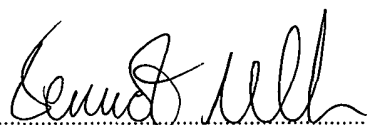
	Notes	2018 £	2017 £
PROFIT FOR THE YEAR		1,678,055	2,092,481
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,678,055</u>	<u>2,092,481</u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2018

		2018		2017	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	8		496,240		580,907
Tangible assets	9		999,730		868,502
Investments	10		24,422		24,422
			<u>1,520,392</u>		<u>1,473,831</u>
CURRENT ASSETS					
Stocks	11	3,734,330		4,320,312	
Debtors	12	14,911,405		12,753,152	
Cash at bank and in hand		9,155		29,829	
		<u>18,654,890</u>		<u>17,103,293</u>	
CREDITORS					
Amounts falling due within one year	13	2,897,133		2,975,889	
			<u>15,757,757</u>		<u>14,127,404</u>
NET CURRENT ASSETS					
			<u>17,278,149</u>		<u>15,601,235</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
CREDITORS					
Amounts falling due after more than one year	14		3,457,630		3,458,771
			<u>13,820,519</u>		<u>12,142,464</u>
NET ASSETS					
			<u>13,820,519</u>		<u>12,142,464</u>
CAPITAL AND RESERVES					
Called up share capital	18		610,221		610,221
Retained earnings			13,210,298		11,532,243
			<u>13,820,519</u>		<u>12,142,464</u>
SHAREHOLDERS' FUNDS					
			<u>13,820,519</u>		<u>12,142,464</u>

The financial statements were approved by the Board of Directors on 29/12/19 and were signed on its behalf by:



D Martin - Director

REGAL MANUFACTURING LIMITED (REGISTERED NUMBER: 00516559)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2017	610,221	9,439,762	10,049,983
Changes in equity			
Total comprehensive income	-	2,092,481	2,092,481
Balance at 31 December 2017	<u>610,221</u>	<u>11,532,243</u>	<u>12,142,464</u>
Changes in equity			
Total comprehensive income	-	1,678,055	1,678,055
Balance at 31 December 2018	<u><u>610,221</u></u>	<u><u>13,210,298</u></u>	<u><u>13,820,519</u></u>

The notes form part of these financial statements

REGAL MANUFACTURING LIMITED (REGISTERED NUMBER: 00516559)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	1,068,482	1,417,462
Interest paid		(207,553)	(207,411)
Tax paid		(642,060)	(1,203,903)
Net cash from operating activities		<u>218,869</u>	<u>6,148</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(260,380)	(65,082)
Reclassification of fixed assets		20,837	428
Net cash from investing activities		<u>(239,543)</u>	<u>(64,654)</u>
Decrease in cash and cash equivalents		<u>(20,674)</u>	<u>(58,506)</u>
Cash and cash equivalents at beginning of year	2	29,829	88,335
Cash and cash equivalents at end of year	2	<u><u>9,155</u></u>	<u><u>29,829</u></u>

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2018	2017
	£	£
Profit before taxation	2,057,126	2,859,533
Depreciation charges	192,982	189,711
Finance costs	207,553	207,411
	<u>2,457,661</u>	<u>3,256,655</u>
Decrease/(increase) in stocks	585,982	(392,620)
Increase in trade and other debtors	(2,153,787)	(124,311)
Increase/(decrease) in trade and other creditors	178,626	(1,322,262)
	<u>1,068,482</u>	<u>1,417,462</u>
Cash generated from operations	<u><u>1,068,482</u></u>	<u><u>1,417,462</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2018

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	<u>9,155</u>	<u>29,829</u>

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	<u>29,829</u>	<u>88,335</u>

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

1. STATUTORY INFORMATION

Regal Manufacturing Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Significant judgements and estimates

In the application of the company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 and are covered within the accounting policies:

i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of the property, plant and equipment and below for the useful economic lives for each class of asset.

(ii) When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 11 for the net carrying amount of the stock and associated provision.

(iii) The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, ageing profile of debtors and historical experience. See note 12 for the net carrying amount of the debtors and associated impairment provision.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Turnover

Turnover represents amounts charged to customers for goods and services provided during the year, excluding value added tax and trade discounts. Sales are recognised upon delivery to the customer, or upon collection by the customer.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2014, is being amortised evenly over its estimated useful life of ten years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- Nil - 10% on cost
Plant and machinery	- 33% on cost and 10% - 20% on cost
Motor vehicles	- 20% on cost and 10% on cost

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Research expenditure is written-off in the year in which it is incurred. Development expenditure is carried forward within work-in-progress to the extent that it relates to specific projects which are expected to realise at least the amount at which they are valued. This includes projects for which grant assistance has been offered.

Foreign currencies

Transactions expressed in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the period end reporting date.

All differences are taken to the income statement.

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

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitute a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the income statement.

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 receipts discounted at a market rate of interest.

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. Accounts 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.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2018	2017
	£	£
United Kingdom	8,847,646	8,205,657
Europe	13,910,636	14,537,971
United States of America	245,776	173,112
Asia	13,829	71,961
Australia	1,518	18,583
Other	15,440	4,694
	<u>23,034,845</u>	<u>23,011,978</u>

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

4. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Wages and salaries	2,236,394	2,276,918
Social security costs	156,123	183,093
Other pension costs	176,991	187,136
	<u>2,569,508</u>	<u>2,647,147</u>

The average number of employees during the year was as follows:

	2018	2017
Direct	47	46
Indirect	14	12
Administration and management	39	42
	<u>100</u>	<u>100</u>

	2018	2017
	£	£
Directors' remuneration	<u>240,514</u>	<u>116,133</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>-</u>
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Information regarding the highest paid director for the year ended 31 December 2018 is as follows:

	2018
	£
Emoluments etc	<u>143,529</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Interest payable	<u>207,553</u>	<u>207,411</u>

6. PROFIT BEFORE TAXATION

The profit is stated after charging/(crediting):

	2018	2017
	£	£
Other operating leases	167,251	131,018
Depreciation - owned assets	108,315	105,473
Goodwill amortisation	84,667	84,666
Auditors' remuneration	14,785	15,350
Foreign exchange (gains) losses - realised and unrealised	<u>42,522</u>	<u>(77,519)</u>

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

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2018 £	2017 £
Current tax:		
UK corporation tax	471,892	695,349
Adjustment re previous years	(102,497)	101,828
Total current tax	369,395	797,177
Deferred tax	9,676	(30,125)
Tax on profit	<u>379,071</u>	<u>767,052</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	2017 £
Profit before tax	<u>2,057,126</u>	<u>2,859,533</u>
Profit multiplied by the standard rate of corporation tax in the UK of 22.700% (2017 - 23.306%)	466,968	666,443
Effects of:		
Expenses not deductible for tax purposes	2,313	5,957
Depreciation in excess of capital allowances	2,611	22,949
Adjustments to tax charge in respect of previous periods	(102,497)	101,828
Deferred taxation	9,676	(30,125)
Total tax charge	<u>379,071</u>	<u>767,052</u>

8. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 January 2018	
and 31 December 2018	<u>846,666</u>
AMORTISATION	
At 1 January 2018	265,759
Amortisation for year	<u>84,667</u>
At 31 December 2018	<u>350,426</u>
NET BOOK VALUE	
At 31 December 2018	<u>496,240</u>
At 31 December 2017	<u>580,907</u>

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

9. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 January 2018	559,578	3,295,418	31,032	3,903	3,889,931
Additions	135,190	65,776	-	59,414	260,380
Reclassification/transfer	-	(19,179)	-	-	(19,179)
At 31 December 2018	694,768	3,342,015	31,032	63,317	4,131,132
DEPRECIATION					
At 1 January 2018	376,277	2,625,654	19,498	-	3,021,429
Charge for year	2,847	96,699	7,125	1,644	108,315
Reclassification/transfer	-	1,658	-	-	1,658
At 31 December 2018	379,124	2,724,011	26,623	1,644	3,131,402
NET BOOK VALUE					
At 31 December 2018	315,644	618,004	4,409	61,673	999,730
At 31 December 2017	183,301	669,764	11,534	3,903	868,502

Included in cost of land and buildings is freehold land of £100,851 (2017 - £100,851) which is not depreciated.

10. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2018 and 31 December 2018	24,422
NET BOOK VALUE	
At 31 December 2018	24,422
At 31 December 2017	24,422

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Regal Beloit GmbH

Registered office:

Nature of business: Electrical Motor Wholesaler

	% holding	2018 £	2017 £
Class of shares:			
Ordinary	100.00	21,422	21,422
Aggregate capital and reserves			

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

10. FIXED ASSET INVESTMENTS - continued

Remco Products Limited

Registered office:

Nature of business: Electrical Motor Wholesaler

Class of shares:	%
Ordinary	holding 100.00

	2018	2017
	£	£
Aggregate capital and reserves	3,000	3,000

11. STOCKS

	2018	2017
	£	£
Raw materials	689,981	864,125
Work-in-progress	119,638	96,855
Finished goods	2,924,711	3,359,332
	<u>3,734,330</u>	<u>4,320,312</u>

Stocks recognised as an expense in the period were £585,982 (2017: £61,279).

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade debtors	4,188,488	3,878,359
Amounts owed by group undertakings	10,542,660	8,717,006
French VAT	35,748	42,579
Other debtors	35,699	265
Deferred tax asset		
Accelerated capital allowances	1,699	11,375
Prepayments and accrued income	107,111	103,568
	<u>14,911,405</u>	<u>12,753,152</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	483,240	915,050
Amounts owed to group undertakings	1,672,024	1,138,778
Corporation tax	274,814	547,479
Other taxes and social security	214,703	119,179
German VAT	21,644	43,371
Other creditors	23,031	19,401
Accruals and deferred income	207,677	192,631
	<u>2,897,133</u>	<u>2,975,889</u>

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

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018	2017
	£	£
Amounts owed to group undertakings	<u>3,457,630</u>	<u>3,458,771</u>

The loan from group undertaking has no set repayment terms but is expected to be repaid in full or in part after more than five years of the statement of financial position date.

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018	2017
	£	£
Within one year	107,248	107,593
Between one and five years	270,927	372,080
In more than five years	<u>170,000</u>	<u>174,320</u>
	<u>548,175</u>	<u>653,993</u>

16. FINANCIAL INSTRUMENTS

The company has the following financial instruments:

	2018	2017
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	4,188,488	3,878,359
Amounts owed by group undertakings	10,528,518	8,717,006
Other Debtors	35,699	265
Financial liabilities measured at amortised cost		
Trade creditors	483,240	915,050
Other creditors	23,031	19,401
Amounts owed to group undertakings	<u>1,657,882</u>	<u>1,138,778</u>

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through the income statement is £nil (2017: £nil) and £207,553 (2017: £207,411).

17. DEFERRED TAX

	£
Balance at 1 January 2018	(11,375)
Provided during year	<u>9,676</u>
Balance at 31 December 2018	<u>(1,699)</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2018	2017
Number:	Class:	Nominal value:	£	£
610,221	Ordinary	£1	<u>610,221</u>	<u>610,221</u>

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

19. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £199,431 (2017 - £187,136). No contributions were outstanding at the statement of financial position date.

20. RELATED PARTY DISCLOSURES

Entities with control, joint control or significant influence over the entity

	2018	2017
	£	£
Amount due from related party	10,542,253	8,618,210
Amount due to related party	<u>3,547,630</u>	<u>3,458,771</u>

Other related parties

	2018	2017
	£	£
Amount due from related party	407	22,841
Amount due to related party	<u>1,672,025</u>	<u>696,036</u>

During the year, a total of key management personnel compensation of £240,514 (2017 - £116,133) was paid.

21. ULTIMATE CONTROLLING PARTY

The parent undertaking and the smallest and largest Group of which the company was a member during the year and for which the group financial statements were prepared was Regal Beloit Corporation, a company incorporated in the USA.

Copies of the Regal Beloit Corporation group financial statements are available to the public at the following address, Corporate office, 200 State Street, Beloit, Wisconsin 53511-6254.