REGISTERED NUMBER: 08774049 (England and Wales)

STRATEGIC REPORT,

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE PERIOD

1 DECEMBER 2016 TO 30 JUNE 2017

FOR

ALTAIR (UK) LTD

CONTENTS OF THE FINANCIAL STATEMENTS
for the period 1 December 2016 to 30 June 2017

ALTAIR (UK) LTD

COMPANY INFORMATION
for the period 1 December 2016 to 30 June 2017

DIRECTORS:	P T Sennett G M Ellinor J A D Elsey
REGISTERED OFFICE:	Omega Park Unit 3 Wilsom Road Alton Hampshire GU34 2QE
REGISTERED NUMBER:	08774049 (England and Wales)
AUDITORS:	Dafferns LLP Chartered Accountants Statutory Auditor One Eastwood Harry Weston Road Binley Business Park Coventry CV3 2UB

STRATEGIC REPORT
for the period 1 December 2016 to 30 June 2017

The directors present their strategic report for the period 1 December 2016 to 30 June 2017.

REVIEW OF BUSINESS
The principal activity of the company is the design and manufacture of air filtration equipment.

The results of the company for the period ended 30 June 2017 show revenue of £22.8m (2016: £45.70m) resulting in EBITDA of £6.80m (2016: £16.49m). The company has net assets of £53.88m (2016: 54.2m) of which £nil (2016: £9.50m) is due to fellow Clarcor Group Companies and £nil (2016: £3.90m) due from fellow Clarcor Group Companies.

The pre-tax profit of £0.41m (2016: profit £3.63m) for the period arises due to the amortisation of goodwill charge for the year of £6.89m (2016: £11.82m).The accounting policy for goodwill and amortisation is set out within accounting policies and is consistent with the requirements of FRS 102.

PRINCIPAL RISKS AND UNCERTAINTIES
The management of the business and the execution of the company's strategy are subject to a number of risks. The company operates globally and so is subject to challenges from many regions, including other suppliers of filters in diverse countries. A general economic downturn has the effect of reducing energy consumption and so filters and gas turbine air intake sales may be more challenged if the world economy is constrained in the next year.

KEY PERFORMANCE INDICATORS
We consider that our key financial performance indicators are those that show the overall performance and strength of the company as a whole. The most appropriate measures being turnover, gross margin and cash flow.

During the year, the company generated turnover of £22.8m (2016: £45.7m) which was is in line with our expectations. Gross margin % (being the ratio of gross profit to sales expressed as a percentage) for the period was 51% (2016: 50%), which was also in line with our expectations.

The company generated net cash inflow from operating activities of £6.49m (2016: £19.87m). Net cash flow from investing and financing activities resulted in an outflow of £5.88m (2016: outflow £17.56m); mainly due to the repayments of intra group loans. This left a closing cash position of £4.3m (2016: £3.69m) at the year end.

RESEARCH AND DEVELOPMENT
We continue to invest in the development of our air filtration equipment. The directors regard the investment in research and development as integral to the continuing success of the business.

FUTURE OUTLOOK
We remain cautiously optimistic that the external commercial environment will continue to be positive for gas turbines and therefore for associated air filters around the world. However, the energy sector continues to undergo changes which may represent challenges to our future continued performance.

The directors believe that the company is in a sound position for the future and is well placed to make progress within its markets.

ON BEHALF OF THE BOARD:

GMEllinor
....
G M Ellinor - Director

Date: 10 JAN. 2018

REPORT OF THE DIRECTORS
for the period 1 December 2016 to 30 June 2017

The directors present their report with the financial statements of the company for the period 1 December 2016 to 30 June 2017.

DIVIDENDS
No dividends will be distributed for the period ended 30 June 2017.

DIRECTORS
P T Sennett has held office during the whole of the period from 1 December 2016 to the date of this report.

Other changes in directors holding office are as follows:

C L Conway - resigned 20 March 2017
D J Fallon - resigned 20 March 2017
R M Wolfson - resigned 20 March 2017
G M Ellinor - appointed 20 March 2017
J A D Elsey - appointed 20 March 2017

The company has chosen in accordance with section 414C(11) to set out in the company's strategic report information required by this Schedule to be contained in the director's report in respect of future developments and research and development activities.

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). 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

REPORT OF THE DIRECTORS
for the period 1 December 2016 to 30 June 2017

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:

....
G M Ellinor - Director

Date: 10 JAN. 2018.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ALTAIR (UK) LTD

Opinion
We have audited the financial statements of Altair (UK) Ltd (the 'company') for the period ended 30 June 2017 on pages seven to nineteen. 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).

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.

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its loss for the period 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 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, 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 ALTAIR (UK) LTD

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 three, 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.

Our 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.

Andy Bewick FCCA (Senior Statutory Auditor)
for and on behalf of Dafferns LLP
Chartered Accountants
Statutory Auditor
One Eastwood
Harry Weston Road
Binley Business Park
Coventry
CV3 2UB

Date: 6 March 2018

STATEMENT OF COMPREHENSIVE INCOME
for the period 1 December 2016 to 30 June 2017

	Notes	Period 1.12.16 to 30.6.17 £	Year Ended 30.11.16 £
TURNOVER	2	22,786,214	45,698,816
Cost of sales		11,097,556	23,005,571
GROSS PROFIT		11,688,658	22,693,245
Administrative expenses		12,034,207	18,244,810
OPERATING (LOSS)/PROFIT	4	(345,549)	4,448,435
Interest receivable and similar income		78,073	127,093
		(267,476)	4,575,528
Interest payable and similar expenses	5	145,949	943,114
(LOSS)/PROFIT BEFORE TAXATION		(413,425)	3,632,414
Tax on (loss)/profit	6	(90,428)	792,089
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD		(322,997)	2,840,325
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(322,997)	2,840,325

The notes form part of these financial statements

ALTAIR (UK) LTD (REGISTERED NUMBER: 08774049)

BALANCE SHEET
30 June 2017

	Notes	2017 £	2017 £	2016 £	2016 £
FIXED ASSETS					
Intangible assets	7		41,728,542		48,620,913
Tangible assets	8		2,976,787		2,909,352
			44,705,329		51,530,265
CURRENT ASSETS					
Stocks	9	2,450,250		1,991,637	
Debtors: amounts falling due within one year	10	9,003,081		10,026,719	
Debtors: amounts falling due after more than one year	10	616,000		4,530,500	
Cash at bank		4,299,637		3,694,720	
		16,368,968		20,243,576	
CREDITORS					
Amounts falling due within one year	11	7,195,474		8,072,021	
NET CURRENT ASSETS			9,173,494		12,171,555
TOTAL ASSETS LESS CURRENT LIABILITIES			53,878,823		63,701,820
CREDITORS					
Amounts falling due after more than one year	12		-		9,500,000
NET ASSETS			53,878,823		54,201,820
CAPITAL AND RESERVES					
Called up share capital	15		100		100
Share premium	16		59,628,927		59,628,927
Retained earnings	16		(5,750,204)		(5,427,207)
SHAREHOLDERS' FUNDS			53,878,823		54,201,820

The financial statements were approved by the Board of Directors on 10 JAN. 2018 and were signed on its behalf by:

G M Ellinor

G M Ellinor - Director

STATEMENT OF CHANGES IN EQUITY
for the period 1 December 2016 to 30 June 2017

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 December 2015	100	(8,267,532)	59,628,927	51,361,495
Changes in equity				
Total comprehensive income	-	2,840,325	-	2,840,325
Balance at 30 November 2016	100	(5,427,207)	59,628,927	54,201,820
Changes in equity				
Total comprehensive income	-	(322,997)	-	(322,997)
Balance at 30 June 2017	100	(5,750,204)	59,628,927	53,878,823

The notes form part of these financial statements

1. **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.

Altair (UK) Ltd is a private company limited by shares incorporated in England and Wales. The address of the registered office is given on page 1. The financial statements have been prepared in sterling which is the functional currency of the company.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The accounting period end has been changed to June to align the accounting reference date to that of the parent company. Therefore the results for the period as stated in the income statement relate to 7 months to 30 June 2017, rather than 12 months ending 30 November 2016.

Cash flow
The company has taken advantage of the requirements of section 7 Statement of Cash Flows in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The public availability of the group accounts, from which the company has been able to take the available exemption, is as per note 20 of these financial statements.

Turnover and revenue recognition
Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Intangible fixed assets
Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired as part of a business combination is the fair value at acquisition date.

Intangible assets are amortised to the income statement on a straight-line basis over their useful lives, as follows:-

Trade names - 5 years
Developed technology - 14.2 years
Customer relationships - 13.3 years
Backlog (flow) - 1 year

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of economic benefits shall be accounted for as a change in accounting estimate.

Goodwill, being the amount paid in connection with the acquisition of a business in 2013, is capitalised and written off evenly over the following rates as in the opinion of the directors, this represents the period over which the goodwill is expected to give rise to economic benefits.

continued...

Goodwill - 5 years

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 - 4% on cost
Improvements to short leasehold - at various rates on cost
Plant and machinery - at various rates on cost
Fixtures and fittings - 20% on cost
Computer equipment - 33% on cost

Stocks
Stocks are stated at the lower of cost and net realisable value on a first in, first out basis. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for slow moving or defective items where appropriate.

Taxation
Taxation for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 balance sheet date.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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 period 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
Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits
The company contributes to a number of personal pension schemes on behalf of employees. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

continued...

1. **ACCOUNTING POLICIES - continued**

Operating leases
Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Warranties
The company provides for estimated warranty costs when the related products are recorded as sales and for specific items at the time of the existence of the claims is known and the amounts of the claims are reasonably determinable.

Derivative financial instruments and hedging activities
The group uses forward foreign currency contracts to reduce exposure to foreign exchange rate risk. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair values of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair values of the hedged assets or liabilities that are attributable to the hedged risk.

Significant judgements and estimates
The company accounting policies, including the assumptions and judgements underlying them, are disclosed in the notes to the financial statements. These policies have been consistently applied in all material respects and address such matters as revenue recognition, depreciation lives, intangible asset valuation and impairment, stock valuation and warranties.

While the estimates and judgements associated with the application of these accounting policies may be affected by different assumptions or conditions, we believe the estimates and judgements associated with the reported amounts are appropriate in the circumstances. The following lists the most significant accounting estimates used in preparing the financial statements which require us to use significant judgement and estimates of amounts that are inherently uncertain:

<u>Intangible fixed assets</u>
Intangible fixed assets totalling £41.7m (2016 £48.60m) are reviewed for impairment annually on a group wide basis and more often if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. These reviews of fair value involve judgement and estimates of discount rates, terminal values, transaction multiples and future cash flows for the reporting units that may be impacted by future sales and operating results for the reporting units, market conditions and worldwide economic conditions.

The directors believe their valuation techniques and assumptions are reasonable for this purpose and have not changed their methodology for valuing intangible fixed assets. The results of the annual review indicated that the estimated fair value of each reporting unit and intangible asset was substantially in excess of its carrying value and accordingly, no impairment existed.

<u>Warranties</u>
The company provides for estimated warranties as a liability on the balance sheet when the related products are recorded as sales and for specific warranties, at the time of the existence of the claims is known and the amounts of the claims are reasonably determinable. The total warranties included on the balance sheet for the year was £1.6m (2016 £1.3m).

The estimated warranties have been calculated consistently on a group wide basis, since the incorporation of the company, using a formula based upon a percentage of sales. Where the circumstance arises, specific warranties are recorded for specific performance issues known to exist on products already sold. The expenses estimated to be incurred are provided at the time of sale, or when a claim arises, and adjusted as needed, based primarily upon experience.

continued...

2. TURNOVER

The turnover and loss (2016 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	Period 1.12.16 to 30.6.17	Year Ended 30.11.16
	£	£
United Kingdom	1,751,382	2,710,866
Europe	11,064,666	19,791,247
Rest of the world	9,970,166	23,196,703
	22,786,214	45,698,816

3. EMPLOYEES AND DIRECTORS

	Period 1.12.16 to 30.6.17	Year Ended 30.11.16
	£	£
Wages and salaries	2,846,485	4,600,811
Social security costs	297,406	452,122
Other pension costs	322,525	499,869
	3,466,416	5,552,802

The average monthly number of employees during the period was as follows:

	Period 1.12.16 to 30.6.17	Year Ended 30.11.16
Manufacturing	48	46
Selling	10	11
Management and admin	37	38
	95	95

	Period 1.12.16 to 30.6.17	Year Ended 30.11.16
	£	£
Directors' remuneration	158,179	158,731
Directors' pension contributions to money purchase schemes	45,122	29,841

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

Money purchase schemes	1	1

continued...

4. OPERATING (LOSS)/PROFIT

The operating loss (2016 - operating profit) is stated after charging/(crediting):

	Period 1.12.16 to 30.6.17 £	Year Ended 30.11.16 £
Depreciation - owned assets	167,537	322,169
Loss on disposal of fixed assets	3,010	165
Goodwill amortisation	4,463,151	7,766,541
Customer relationships amortisation	1,606,571	2,638,698
Trademarks amortisation	680,400	1,166,400
Patents amortisation	142,249	243,855
Auditors' remuneration	25,950	25,600
Taxation compliance services	3,950	3,900
Taxation advisory services	2,850	6,860
Other non- audit services	-	2,750
Foreign exchange differences	759,341	(566,284)
Operating lease - property	98,195	170,682
Operating lease - other equipment	96,423	134,029
Research and development	629,697	944,746

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 1.12.16 to 30.6.17 £	Year Ended 30.11.16 £
Other interest	145,949	943,114

6. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the period was as follows:

	Period 1.12.16 to 30.6.17 £	Year Ended 30.11.16 £
Current tax:		
UK corporation tax	(25,000)	(38,726)
Prior year adjustment	72	132,815
Total current tax	(24,928)	94,089
Deferred tax	(65,500)	698,000
Tax on (loss)/profit	(90,428)	792,089

continued...

6. **TAXATION - continued**

Reconciliation of total tax (credit)/charge included in profit and loss
The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1.12.16 to 30.6.17 £	Year Ended 30.11.16 £
(Loss)/profit before tax	(413,425)	3,632,414
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	(82,685)	726,483
Effects of:		
Expenses not deductible for tax purposes	1,717	11,750
Adjustments to tax charge in respect of previous periods	-	(2,000)
Above the line R&D tax credits claimed	(25,000)	(50,000)
Non qualifying depreciation	8,415	14,426
Prior year adjustment	74	132,815
Impact of corporation tax rate change	7,051	(41,385)
Total tax (credit)/charge	(90,428)	792,089

7. **INTANGIBLE FIXED ASSETS**

	Goodwill £	Customer relationships £	Trademarks £	Patents £	Totals £
COST					
At 1 December 2016 and 30 June 2017	38,620,082	35,702,775	5,832,000	3,462,750	83,617,607
AMORTISATION					
At 1 December 2016	22,892,740	7,931,948	3,450,600	721,406	34,996,694
Amortisation for period	4,463,151	1,606,571	680,400	142,249	6,892,371
At 30 June 2017	27,355,891	9,538,519	4,131,000	863,655	41,889,065
NET BOOK VALUE					
At 30 June 2017	11,264,191	26,164,256	1,701,000	2,599,095	41,728,542
At 30 November 2016	15,727,342	27,770,827	2,381,400	2,741,344	48,620,913

continued...

7. INTANGIBLE FIXED ASSETS - continued

Goodwill arising on the acquisition of the trade, assets and certain liabilities of Altair Filter Technology Ltd in December 2013, is being amortised evenly over the directors' estimate of its useful life of 5 years.

Other intangible assets are being amortised as follows:

- Customer relationships are being amortised evenly over the directors' estimate of its useful life of 13.3 years.
- Trademarks are being amortised evenly over the directors' estimate of its useful life of 5 years.
- Patents are being amortised evenly over the directors' estimate of its useful life of 14.2 years.

Amortisation for all intangible fixed assets is included within administration expenses within the income statement.

8. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to short leasehold £	Plant and machinery £
COST			
At 1 December 2016	1,646,221	116,682	1,648,866
Additions	-	-	254,277
Disposals	-	-	(21,823)
Reclassification/transfer	-	-	(12,889)
At 30 June 2017	1,646,221	116,682	1,868,431
DEPRECIATION			
At 1 December 2016	143,821	18,941	518,523
Charge for period	28,380	4,328	94,261
Eliminated on disposal	-	-	(2,518)
At 30 June 2017	172,201	23,269	610,266
NET BOOK VALUE			
At 30 June 2017	1,474,020	93,413	1,258,165
At 30 November 2016	1,502,400	97,741	1,130,343

continued...

8. TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 December 2016	226,952	257,840	3,896,561
Additions	-	-	254,277
Disposals	-	-	(21,823)
Reclassification/transfer	-	12,889	-
At 30 June 2017	226,952	270,729	4,129,015
DEPRECIATION			
At 1 December 2016	112,043	193,881	987,209
Charge for period	22,064	18,504	167,537
Eliminated on disposal	-	-	(2,518)
At 30 June 2017	134,107	212,385	1,152,228
NET BOOK VALUE			
At 30 June 2017	92,845	58,344	2,976,787
At 30 November 2016	114,909	63,959	2,909,352

9. STOCKS

	2017 £	2016 £
Raw materials	2,127,134	1,519,321
Work in progress	193,960	146,585
Finished goods	129,156	325,731
	2,450,250	1,991,637

Stock recognised in raw materials and consumables and changes in stock during the year as an expense was £9,256,043 (2016: £19,695,968).

An impairment loss of £42,192 (2016: £152,020) is included within purchases due to the movements in slow-moving and obsolete stock.

10. DEBTORS

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	6,849,662	6,622,171
Amounts owed by group undertakings	50,285	865,259
Other debtors	1,341,087	1,872,283
Tax	87,582	103,457
Deferred tax asset	520,000	440,000
Prepayments	154,465	123,549
	9,003,081	10,026,719

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10. DEBTORS - continued

	2017	2016
	£	£
Amounts falling due after more than one year:		
Amounts owed by group undertakings	-	3,900,000
Deferred tax asset	616,000	630,500
	616,000	4,530,500
Aggregate amounts	9,619,081	14,557,219

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade creditors	4,283,411	5,699,097
Amounts owed to group undertakings	31,358	427,703
Social security and other taxes	133,001	-
Accrued expenses	2,747,704	1,945,221
	7,195,474	8,072,021

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

	2017	2016
	£	£
Amounts owed to group undertakings	-	9,500,000

The balance of creditors falling due after more than one year was a loan payable to PECOFacet (Holland) B.V. for £nil (2016 - £9,500,000). The loan has no fixed repayment terms but is repayable in full by 13 December 2023 and is charged interest at 4.1% per annum. The loan was repaid in May 2017.

13. LEASING AGREEMENTS

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

	2017	2016
	£	£
Within one year	171,774	241,997
Between one and five years	12,165	77,575
	183,939	319,572

14. FINANCIAL INSTRUMENTS

	2017	2016
	£	£
Financial assets at fair value through income statement		
Forward foreign currency contracts	-	156,592

The group purchases forward foreign currency contracts to hedge currency exposure risk on firm future commitments. The fair values of the assets and liabilities held at fair value through the income statement and the balance sheet are determined using quoted prices.

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15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
100	Ordinary	£1	100	100

16. RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 December 2016	(5,427,207)	59,628,927	54,201,720
Deficit for the period	(322,997)		(322,997)
At 30 June 2017	(5,750,204)	59,628,927	53,878,723

a) Retained Earnings

The retained earnings account represents cumulative profits and losses net of dividends and other adjustments.

b) Share Premium

The share premium account represents the premium arising on the issue of shares net of issue costs.

17. PENSION COMMITMENTS

The company operates a defined contribution scheme for employees and contributes to the personal pension schemes of other employees. Contributions to the scheme during the period amounting to £322,525 (2016: £499,869) have been charged to the profit and loss account. At 30 June 2017 pension contributions of £nil (30 November 2016: £65,938) were outstanding to the pension schemes.

18. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Key management personnel compensation in the year is the same as the directors remuneration disclosed in note 3.

19. ULTIMATE CONTROLLING PARTY

The company's ultimate parent company is Parker Hannifin Corporation (previously Clarcor Inc.), a company incorporated in the state of Ohio in the United States of America. The smallest group in which the results of the company are consolidated is that of PECOFacet (Holland) B.V. The largest group in which the results of the company are consolidated is that of Parker Hannifin Corporation The consolidated accounts are available to the public and may be obtained from Parker Hannifin Corporation, 6035 Parkland Boulevard, Cleveland, Ohio, 44124-4141, United States of America.