Company Registration No. 06493063 (England and Wales)

TECHMOTION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2017

TECHMOTION LIMITED

COMPANY INFORMATION

Directors	Richard John Hindle David Hindle Steven Widdrington Peter Bingham
Secretary	Steven Widdrington
Company number	06493063
Registered office	Hapco Works Caledonia Street Bradford West Yorkshire BD5 0EL
Auditor	BHP LLP New Chartford House Centurion Way Cleckheaton Bradford West Yorkshire BD19 3QB

TECHMOTION LIMITED

CONTENTS

TECHMOTION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2017

The directors present the strategic report for the year ended 30 November 2017.

Fair review of the business
The demerger of the group's Controls Division and tough trading conditions in the remaining activities led to a slightly better operating profit of £724,545 (2016 - £707,765). Progress is being made in improving the profitability of the company's remaining activities.

The directors believe that the group enjoys a good reputation within the sectors in which it operates.

The group takes its environmental and pollution responsibilities seriously and is continually working to reduce its energy usage.

Principal risks and uncertainties
The group operates principally in the UK with a wholly owned manufacturing operation in China. The group manages the risks to the business and insures against risk wherever it is sensible and cost effective to do so.

The group's principle foreign exchange risk is with its operation in China, and wherever possible contracts are written with customers to reduce or eliminate the company's exposure to foreign currency movements.

Some of the group's activities operate in very competitive markets and it is for this reason the operation in China was set up. In addition the group invests significant resources in monitoring manufacturing costs and managing the potential threats from low cost economies.

Key performance indicators
The group's key financial and other performance indicators during the year were as follows:

	Unit	2017	2016
Turnover	£	4,172,231	4,160,921
Gross Profit	£	2,459,664	2,423,563
Profit before tax	£	631,064	635,541

On behalf of the board

....
David Hindle
Director

....
14/08/2018

TECHMOTION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2017

The directors present their annual report and financial statements for the year ended 30 November 2017.

Principal activities
The principal activity of the group continued to be that of general engineers, gear specialists, engine re-manufacturers, distributors of engineering products and manufacturers of industrial products. Techmotion Limited provides management services to the group.

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

Richard John Hindle
David Hindle
Steven Widdrington
Peter Bingham

Results and dividends
The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £713,994. The directors do not recommend payment of a further dividend.

Financial instruments

The group's principal financial instruments comprise bank balances, trade debtors, trade creditors, loans to the group and lease purchase agreements. The main purpose of these instruments is to raise funds for the group's operations and finance the company's operations.

Due to the nature of the financial instruments used by the group there is no exposure to price risk. The group's approach to managing other risks applicable to the financial instruments is shown below.

Liquidity risk
In respect of loans, the liquidity risk is managed by virtue of the flexible terms inherent within these facilities.

Trade creditors and amounts owed to related undertakings all arise from trading transactions and the liquidity risk is managed from income generation and the use of the group's borrowing facilities.

Credit risk
Trade debtors, credit and cash flow risks are managed by policies concerning the credit offered to customers and the monitoring of amounts outstanding in terms of time and credit limits.

Future developments
The directors anticipate that the group will continue to trade profitably.

Auditor
BHP LLP were appointed as auditor during the year and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group 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 UK 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

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

On behalf of the board

....

David Hindle

Director

....

14/08/2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TECHMOTION LIMITED

Opinion

We have audited the financial statements of Techmotion Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 November 2017 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and 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 FRS 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 group's and the parent company's affairs as at 30 November 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 group's or the parent 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 included in the annual report, other than the financial statements and our auditor's report 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Roger Thompson (Senior Statutory Auditor)
for and on behalf of BHP LLP, Statutory Auditor

BHP LLP.

BHP LLP, Statutory Auditor
New Chartford House
Centurion Way
Cleckheaton
Bradford
West Yorkshire
BD19 3QB

16 August 2018

TECHMOTION LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 NOVEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	4,172,231	4,160,921
Cost of sales		(1,712,567)	(1,737,358)
Gross profit		2,459,664	2,423,563
Distribution costs		(173,795)	(174,262)
Administrative expenses		(1,897,758)	(1,886,009)
Other operating income		336,434	344,473
Operating profit	4	724,545	707,765
Interest receivable and similar income	8	419	112
Interest payable and similar expenses	9	(93,900)	(72,336)
Profit before taxation		631,064	635,541
Tax on profit	10	(138,266)	(157,834)
Profit for the financial year	27	492,798	477,707

Profit for the financial year is all attributable to the owners of the parent company.

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

TECHMOTION LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 NOVEMBER 2017

	2017 £	2016 £
Profit for the year	492,798	477,707
Other comprehensive income		
Actuarial gain/(loss) on defined benefit pension schemes	1,020,000	(874,000)
Currency translation differences	(7,616)	21,644
Tax relating to other comprehensive income	(193,800)	174,800
Other comprehensive income for the year	818,584	(677,556)
Total comprehensive income for the year	1,311,382	(199,849)

Total comprehensive income for the year is all attributable to the owners of the parent company.

TECHMOTION LIMITED

GROUP BALANCE SHEET

AS AT 30 NOVEMBER 2017

		2017		2016	
	Notes	£	£	£	£
Fixed assets					
Goodwill	12		550,454		594,658
Tangible assets	13		4,063,397		4,136,256
			4,613,851		4,730,914
Current assets					
Stocks	17	345,371		579,444	
Debtors	18	1,035,622		957,729	
Cash at bank and in hand		260,290		478,934	
		1,641,283		2,016,107	
Creditors: amounts falling due within one year	19	(889,577)		(1,113,183)	
Net current assets			751,706		902,924
Total assets less current liabilities			5,365,557		5,633,838
Creditors: amounts falling due after more than one year	20		(1,102,028)		(798,453)
Provisions for liabilities	24		(119,260)		-
Net assets excluding pension liability			4,144,269		4,835,385
Defined benefit pension liability	25		(946,000)		(1,912,000)
Net assets			3,198,269		2,923,385
Capital and reserves					
Called up share capital	26		10,000		10,000
Revaluation reserve			85,187		86,047
Capital redemption reserve			4,000		4,000
Profit and loss reserves	27		3,099,082		2,823,338
Total equity			3,198,269		2,923,385

The financial statements were approved by the board of directors and authorised for issue on 14/08/2018 and are signed on its behalf by:

....
David Hindle
Director

TECHMOTION LIMITED

COMPANY BALANCE SHEET

AS AT 30 NOVEMBER 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	13		3,309,433		3,341,250
Investments	14		4,931,919		4,931,919
			8,241,352		8,273,169
Current assets					
Debtors	18	7,980		8,700	
Cash at bank and in hand		431		507	
		8,411		9,207	
Creditors: amounts falling due within one year	19	(6,808,660)		(7,171,708)	
Net current liabilities			(6,800,249)		(7,162,501)
Total assets less current liabilities			1,441,103		1,110,668
Creditors: amounts falling due after more than one year	20		(1,065,040)		(790,000)
Provisions for liabilities	24		(250,000)		(275,000)
Net assets			126,063		45,668
Capital and reserves					
Called up share capital	26		10,000		10,000
Capital redemption reserve			4,000		4,000
Profit and loss reserves	27		112,063		31,668
Total equity			126,063		45,668

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,116,893 (2016 - £685,897 profit).

The financial statements were approved by the board of directors and authorised for issue on 14/08/2018 and are signed on its behalf by:

....

David Hindle
Director

Company Registration No. 06493063

TECHMOTION LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2017

	Notes	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
		£	£	£	£	£
Balance at 1 December 2015		10,000	86,916	4,000	3,713,979	3,814,895
Year ended 30 November 2016:						
Profit for the year		-	-	-	477,707	477,707
Other comprehensive income:						
Actuarial gains on defined benefit plans		-	-	-	(874,000)	(874,000)
Currency translation differences		-	-	-	21,644	21,644
Tax relating to other comprehensive income		-	-	-	174,800	174,800
Total comprehensive income for the year		-	-	-	(199,849)	(199,849)
Dividends	**11**	-	-	-	(691,661)	(691,661)
Transfers		-	(869)	-	869	-
Balance at 30 November 2016		10,000	86,047	4,000	2,823,338	2,923,385
Year ended 30 November 2017:						
Profit for the year		-	-	-	492,798	492,798
Other comprehensive income:						
Actuarial gains on defined benefit plans		-	-	-	1,020,000	1,020,000
Currency translation differences on overseas subsidiaries		-	-	-	(7,616)	(7,616)
Tax relating to other comprehensive income		-	-	-	(193,800)	(193,800)
Total comprehensive income for the year		-	-	-	1,311,382	1,311,382
Dividends	**11**	-	-	-	(713,994)	(713,994)
Distribution in specie	**11**	-	-	-	(322,504)	(322,504)
Transfers		-	(860)	-	860	-
Balance at 30 November 2017		10,000	85,187	4,000	3,099,082	3,198,269

TECHMOTION LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2017

	Notes	Share capital	Capital redemption reserve	Profit and loss reserves	Total
		£	£	£	£
Balance at 1 December 2015		10,000	4,000	37,432	51,432
Year ended 30 November 2016:					
Profit and total comprehensive income for the year		-	-	685,897	685,897
Dividends	11	-	-	(691,661)	(691,661)
Balance at 30 November 2016		10,000	4,000	31,668	45,668
Year ended 30 November 2017:					
Profit and total comprehensive income for the year		-	-	1,116,893	1,116,893
Dividends	11	-	-	(713,994)	(713,994)
Distribution in specie	11	-	-	(322,504)	(322,504)
Balance at 30 November 2017		10,000	4,000	112,063	126,063

TECHMOTION LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 NOVEMBER 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Cash flows from operating activities					
Cash generated from operations	34		782,554		1,317,679
Interest paid			(93,900)		(72,336)
Income taxes paid			(193,001)		(215,704)
Net cash inflow from operating activities			495,653		1,029,639
Investing activities					
Purchase of tangible fixed assets		(97,888)		(99,940)	
Proceeds on disposal of tangible fixed assets		47,706		-	
Interest received		419		112	
Net cash used in investing activities			(49,763)		(99,828)
Financing activities					
Proceeds of new bank loans		500,000		-	
Repayment of bank loans		(166,900)		(120,000)	
Payment of finance leases obligations		38,864		(24,035)	
Dividends and distributions paid		(1,036,498)		(691,661)	
Net cash used in financing activities			(664,534)		(835,696)
Net (decrease)/increase in cash and cash equivalents			(218,644)		94,115
Cash and cash equivalents at beginning of year			478,934		384,819
Cash and cash equivalents at end of year			260,290		478,934

1 Accounting policies

Company information

Techmotion Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Hapco Works, Caledonia Street, Bradford, West Yorkshire, BD5 0EL.

The group consists of Techmotion Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Techmotion Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 November 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1 Accounting policies **(Continued)**

1.3 Going concern

At the year end the company had net assets of £122,063 and net current liabilities of £6,808,660, but it enjoys the support of its trading subsidiary company, Hindle Group Limited, which makes funds available when required. The group is funded by a mixture of bank and other loan finance and, having carried out a detailed review of the group's resources and the challenges presented by the current economic climate, the directors are satisfied that the group has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of the approval of the financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

1.4 Turnover

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

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

1.5 Intangible fixed assets - goodwill

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life of 20 years on a straight line basis.

1.6 Tangible fixed assets

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

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

Land and buildings Freehold	over 50 years straight line
Plant and machinery	over 5-10 years straight line
Fixtures, fittings & equipment	over 5-10 years straight line

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

1 Accounting policies **(Continued)**

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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

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

1 Accounting policies **(Continued)**

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

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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

1.10 Cash at bank and in hand

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

1.11 Financial instruments

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

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1 Accounting policies **(Continued)**

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

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

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

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

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

Basic financial liabilities, including 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities
Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

1 Accounting policies **(Continued)**

Derecognition of financial liabilities

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

1.12 Equity instruments

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

1.13 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.14 Taxation

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

Current tax

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

Deferred tax

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

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

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

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

1 Accounting policies **(Continued)**

1.16 Retirement benefits

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

The pension costs charged against profits are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service lives of the employees in the scheme, so as to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. Variations from regular cost are spread over the average remaining services lives of current employees in the scheme. The scheme was made paid up on 31 October 2003 and no further benefits will accrue for employees in the scheme.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.17 Leases

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

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

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

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1 Accounting policies **(Continued)**

1.19 Foreign exchange

Company

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

Group

The financial statements of overseas subsidiary undertakings are translated at the rate ruling at the balance sheet date. The exchange differences arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against group equity investments in foreign enterprises, which are taken to reserves together with the exchange difference on the net investment in these enterprises. Tax charges and credits attributable to exchange differences on those borrowings are also taken to reserves.

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2017	2016
	£	£
Turnover analysed by class of business		
Manufacture	4,172,231	4,160,921

	2017	2016
	£	£
Other significant revenue		
Interest income	419	112
Grants received	2,925	2,946

3 Turnover and other revenue **(Continued)**

	2017	2016
	£	£
Turnover analysed by geographical market		
Sales - UK	2,109,760	2,402,552
Sales - Europe	273,750	533,343
Sales - Rest of world	1,788,721	1,225,026
	4,172,231	4,160,921

4 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(8,685)	27,744
Government grants	(2,925)	(2,946)
Depreciation of owned tangible fixed assets	110,868	178,076
Depreciation of tangible fixed assets held under finance leases	8,346	8,346
Loss on disposal of tangible fixed assets	3,827	2
Amortisation of intangible assets	44,204	44,204
Cost of stocks recognised as an expense	1,344,552	1,320,700
Operating lease charges	19,265	18,823

5 Auditor's remuneration

	2017	2016
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	2,100	2,540
Audit of the financial statements of the company's subsidiaries	4,200	4,100
	6,300	6,640

6 Employees

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

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Production	46	47	-	-
Other departments	20	21	-	-
	66	68	-	-

Their aggregate remuneration comprised:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Wages and salaries	1,574,358	1,571,810	-	-
Social security costs	112,344	97,345	-	-
Pension costs	146,104	123,159	-	-
	1,832,806	1,792,314	-	-

7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	60,610	63,278
Company pension contributions to defined contribution schemes	60,388	42,279
	120,998	105,557

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2016 - 3).

8 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	220	-
Other interest income	199	112
Total income	419	112

8 Interest receivable and similar income **(Continued)**

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	220	-

9 Interest payable and similar expenses

	2017	2016
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	37,605	30,848
Interest on finance leases and hire purchase contracts	2,295	1,488
	39,900	32,336
Other finance costs:		
Other interest	54,000	40,000
Total finance costs	93,900	72,336

10 Taxation

	2017	2016
	£	£
Current tax		
UK corporation tax on profits for the current period	156,935	162,827
Adjustments in respect of prior periods	(329)	(193)
Total current tax	156,606	162,634
Deferred tax		
Origination and reversal of timing differences	(27,200)	3,200
Changes in tax rates	19,120	-
Other adjustments	(10,260)	(8,000)
Total deferred tax	(18,340)	(4,800)
Total tax charge for the year	138,266	157,834

10 Taxation **(Continued)**

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

	2017	2016
	£	£
Profit before taxation	631,064	635,541
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%)	119,902	127,108
Tax effect of expenses that are not deductible in determining taxable profit	12,114	6,740
Change in unrecognised deferred tax assets	5,156	619
Adjustments in respect of prior years	(31)	-
Other non-reversing timing differences	(25,000)	(10,000)
Other permanent differences	25,657	33,551
Under/(over) provided in prior years	(329)	(193)
Other	797	9
Taxation charge for the year	138,266	157,834

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2017	2016
	£	£
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	193,800	(174,800)

11 Dividends and distributions

	2017	2016
	£	£
Final paid	713,994	691,661

Distribution in specie

Amounts paid	322,504	-

12 Intangible fixed assets

Group	Goodwill
	£
Cost	
At 1 December 2016 and 30 November 2017	884,085
Amortisation and impairment	
At 1 December 2016	289,427
Amortisation charged for the year	44,204
At 30 November 2017	333,631
Carrying amount	
At 30 November 2017	550,454
At 30 November 2016	594,658

The company had no intangible fixed assets at 30 November 2017 or 30 November 2016.

13 Tangible fixed assets

Group	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 December 2016	3,375,000	1,700,166	681,287	5,756,453
Additions	1,953	71,755	24,180	97,888
Disposals	-	(119,736)	(47,355)	(167,091)
At 30 November 2017	3,376,953	1,652,185	658,112	5,687,250
Depreciation and impairment				
At 1 December 2016	33,750	1,195,481	390,966	1,620,197
Depreciation charged in the year	33,770	37,439	48,005	119,214
Eliminated in respect of disposals	-	(69,892)	(45,666)	(115,558)
At 30 November 2017	67,520	1,163,028	393,305	1,623,853
Carrying amount				
At 30 November 2017	3,309,433	489,157	264,807	4,063,397
At 30 November 2016	3,341,250	504,685	290,321	4,136,256

13 Tangible fixed assets (Continued)

Company	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 December 2016	3,375,000	-	-	3,375,000
Additions	1,953	46,027	1,679	49,659
Disposals	-	(46,027)	(1,679)	(47,706)
At 30 November 2017	3,376,953	-	-	3,376,953
Depreciation and impairment				
At 1 December 2016	33,750	-	-	33,750
Depreciation charged in the year	33,770	-	-	33,770
At 30 November 2017	67,520	-	-	67,520
Carrying amount				
At 30 November 2017	3,309,433	-	-	3,309,433
At 30 November 2016	3,341,250	-	-	3,341,250

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

	Group 2017	2016	Company 2017	2016
	£	£	£	£
Plant and machinery	61,902	70,248	-	-
Depreciation charge for the year in respect of leased assets	(8,346)	(8,346)	-	-

Freehold land costing £1,687,500 has not been depreciated.

14 Fixed asset investments

	Group 2017	2016	Company 2017	2016
	£	£	£	£
Unlisted investments	-	-	4,931,919	4,931,919

14 Fixed asset investments **(Continued)**

Movements in fixed asset investments
Company

	Investments other than loans £
Cost or valuation	
At 1 December 2016 and 30 November 2017	4,931,919
Carrying amount	
At 30 November 2017	4,931,919
At 30 November 2016	4,931,919

15 Subsidiaries

Details of the company's subsidiaries at 30 November 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	% Held Indirect
Ferraris of Cricklewood Limited	UK	Dormant	Ordinary	100.00	
Hindle Gears (China) Co. , Limited	China	General engineers	Ordinary	100.00	
Hindle Group Limited	UK	General engineers	Ordinary	100.00	

A resolution to place Ferraris of Cricklewood Limited into voluntary liquidation was made on 7 December 2015.

16 Financial instruments

	Group 2017 £	2016 £	Company 2017 £	2016 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	919,412	836,568	7,980	8,700
Equity instruments measured at cost less impairment	-	-	4,931,919	4,931,919
Carrying amount of financial liabilities				
Measured at amortised cost	1,788,400	1,673,975	7,791,485	7,874,200

17 Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Raw materials and consumables	88,366	385,296	-	-
Work in progress	77,045	85,090	-	-
Finished goods and goods for resale	179,960	109,058	-	-
	345,371	579,444	-	-

18 Debtors

Amounts falling due within one year:	Group 2017 £	2016 £	Company 2017 £	2016 £
Trade debtors	769,653	771,848	7,980	8,700
Corporation tax recoverable	20,000	-	-	-
Other debtors	167,246	67,913	-	-
Prepayments and accrued income	78,723	61,768	-	-
	1,035,622	901,529	7,980	8,700
Amounts falling due after more than one year:				
Deferred tax asset (note 24)	-	56,200	-	-
Total debtors	1,035,622	957,729	7,980	8,700

19 Creditors: amounts falling due within one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	21	178,060	120,000	178,060	120,000
Obligations under finance leases	22	35,158	24,829	-	-
Trade creditors		311,156	391,471	-	-
Amounts due to group undertakings		-	-	6,539,855	6,945,041
Corporation tax payable		111,828	128,223	71,000	77,450
Other taxation and social security		91,377	109,438	11,215	10,058
Other creditors		55,167	232,719	-	9,542
Accruals and deferred income		106,831	106,503	8,530	9,617
		889,577	1,113,183	6,808,660	7,171,708

20 Creditors: amounts falling due after more than one year

		Group		Company	
		2017	2016	2017	2016
	Notes	£	£	£	£
Bank loans and overdrafts	21	1,065,040	790,000	1,065,040	790,000
Obligations under finance leases	22	36,988	8,453	-	-
		1,102,028	798,453	1,065,040	790,000

Bank loans are secured against the assets of the group.

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

21 Loans and overdrafts

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans	1,243,100	910,000	1,243,100	910,000
Payable within one year	178,060	120,000	178,060	120,000
Payable after one year	1,065,040	790,000	1,065,040	790,000

22 Finance lease obligations

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	36,870	25,523	-	-
In two to five years	37,816	8,508	-	-
	74,686	34,031	-	-
Less: future finance charges	(2,540)	(749)	-	-
	72,146	33,282	-	-

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

23 Provisions for liabilities

		Group		Company	
		2017	2016	2017	2016
	Notes	£	£	£	£
Retirement benefit obligations		946,000	1,912,000	-	-
Deferred tax liabilities	24	119,260	-	250,000	275,000

24 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities	Liabilities	Assets	Assets
	2017	2016	2017	2016
Group	£	£	£	£
Accelerated capital allowances	49,000	-	-	(51,200)
Revaluations	250,000	-	-	(275,000)
Retirement benefit obligations	(179,740)	-	-	382,400
	119,260	-	-	56,200

	Liabilities	Liabilities	Assets	Assets
	2017	2016	2017	2016
Company	£	£	£	£
Revaluations	250,000	275,000	-	-

	Group	Company
	2017	2017
Movements in the year:	£	£
Liability/(asset) at 1 December 2016	(56,200)	275,000
Credit to profit or loss	(18,340)	(25,000)
Charge to other comprehensive income	193,800	-
Liability at 30 November 2017	119,260	250,000

25 Retirement benefit schemes

Defined contribution schemes	**2017** £	**2016** £
Charge to profit or loss in respect of defined contribution schemes	146,104	123,159

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Defined benefit schemes

A defined benefit scheme is operated for qualifying employees. The scheme was closed to new members from 1 November 2000 and was made paid up on 31 October 2003. No further benefits will accrue for employees in the scheme.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 1 November 2015 by David Watson BSc FFa, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit method.

Valuation

The actuarial valuation showed that the value of the scheme assets was £7,129,000 and that this value represents 109% of the value of benefits that had accrued to members, after allowing for expected future increases in salaries. The scheme's assets are invested predominantly in managed funds. The actuarial value of the scheme assets in relation to liabilities applies only on the ongoing basis if the pension scheme assets are invested in accordance with the funding objective.

Insured pensions and additional voluntary contributions are excluded from the above valuations on the basis that the assets equal the related liabilities. However, insured pensions assets and liabilities are now included in the assets and obligations set out below, based on Disclosure Reports obtained from the actuary dated 30 November 2016 and 30 November 2017 respectively.

Key assumptions	**2017** %	**2016** %
Discount rate	2.7	2.8%
Expected rate of increase of pensions in payment	2.25	2.6%
Retail price inflation	3.25	3.6%
Consumer price inflation	2.25	2.6%

Mortality assumptions Assumed life expectations on retirement at age 65:	**2017** Years	**2016** Years
Retiring today		
- Males	20.6	20.8
- Females	22.4	22.8
Retiring in 20 years		
- Males	21.7	22.4
- Females	23.7	24.7

25 Retirement benefit schemes **(Continued)**

Amounts recognised in the profit and loss account	**2017 £**	**2016 £**
Net interest on defined benefit liability/(asset)	54,000	40,000

Amounts taken to other comprehensive income	**2017 £**	**2016 £**
Actual return on scheme assets	(998,000)	(701,000)
Less: calculated interest element	202,000	283,000
Return on scheme assets excluding interest income	(796,000)	(418,000)
Actuarial changes related to obligations	(224,000)	1,292,000

The amounts included in the balance sheet arising from obligations in respect of defined benefit plans are as follows:

Group	**2017 £**	**2016 £**
Present value of defined benefit obligations	8,906,000	9,389,000
Fair value of plan assets	(7,960,000)	(7,477,000)
Deficit in scheme	946,000	1,912,000

The company had no post employment benefits at 30 November 2017 or 1 December 2016.

Movements in the present value of defined benefit obligations	**Group 2017 £**
Liabilities at 1 December 2016	9,389,000
Benefits paid	(515,000)
Actuarial gains and losses	(224,000)
Interest cost	256,000
At 30 November 2017	8,906,000

The defined benefit obligations arise from plans funded as follows:	**Group 2017 £**
Wholly unfunded obligations	8,797,000
Wholly or partly funded obligations	109,000
	8,906,000

25 Retirement benefit schemes **(Continued)**

Movements in the fair value of plan assets	Group 2017 £
Fair value of assets at 1 December 2016	7,477,000
Interest income	202,000
Return on plan assets (excluding amounts included in net interest)	796,000
Benefits paid	(515,000)
At 30 November 2017	7,960,000

Fair value of plan assets at the reporting period end

	Group 2017 £	2016 £
Equity instruments	6,229,000	6,079,000
Bonds	512,000	825,000
Insured pensions	109,000	150,000
	1,110,000	423,000
	7,960,000	7,477,000

26 Share capital

	Group and company 2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
4,000 A Ordinary shares of £1 each	4,000	4,000
2,000 B Ordinary shares of £1 each	2,000	2,000
2,000 C Ordinary shares of £1 each	2,000	2,000
2,000 D Ordinary shares of £1 each	2,000	2,000
	10,000	10,000

27 Profit and loss reserves

	Group 2017	2016	Company 2017	2016
	£	£	£	£
At the beginning of the year	2,823,338	3,713,979	31,668	37,432
Profit for the year	492,798	477,707	1,116,893	685,897
Dividends	(713,994)	(691,661)	(713,994)	(691,661)
Distribution in specie	(322,504)	-	(322,504)	-
Transfer from revaluation reserve	860	869	-	-
Actuarial differences recognised in other comprehensive income	1,020,000	(874,000)	-	-
Tax on actuarial differences	(193,800)	174,800	-	-
Currency translation differences	(7,616)	21,644	-	-
At the end of the year	3,099,082	2,823,338	112,063	31,668

28 Disposals

On 30 June 2017 the company disposed of the controls division which it had acquired from Hindle Group Limited, the company's subsidiary undertaking. The disposal was by way of distribution en specie.

	£
Tangible fixed assets	47,706
Trade debtors	230,346
Stocks	298,510
Trade creditors	(254,058)
	322,504
Distribution in specie	(322,504)
Total consideration	-

29 Financial commitments, guarantees and contingent liabilities

The directors have been notified of a claim against a subsidiary company by a former employee. Whilst, the directors are contesting the claim, their legal advisors have indicated that, should the claim be proven, the likely cost may be in the region of £85,000.

30 Operating lease commitments

Lessee

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Within one year	20,413	15,380	-	-
Between two and five years	14,496	-	-	-
	34,909	15,380	-	-

31 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017	2016
	£	£
Aggregate compensation	120,998	105,557

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2017	2016	2017	2016
	£	£	£	£
Group				
Other related parties	300,054	514,630	69,375	101,749

	Rent receivable	
	2017	2016
	£	£
Group		
Other related parties	189,400	232,827
Company		
Other related parties	189,400	201,975

31 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2017	2016
	£	£
Group		
Other related parties	49,849	196,845

No guarantees have been given or received.

32 Directors' transactions

Dividends totalling £713,994 (2016 - £691,661) were paid in the year in respect of shares held by the company's directors.

33 Controlling party

The company is controlled by the directors.

34 Cash generated from group operations

	2017	2016
	£	£
Profit for the year after tax	492,798	477,707
Adjustments for:		
Taxation charged	138,266	157,834
Finance costs	93,900	72,336
Investment income	(419)	(112)
Loss on disposal of tangible fixed assets	3,827	2
Amortisation and impairment of intangible assets	44,204	44,204
Depreciation and impairment of tangible fixed assets	119,214	186,422
Pension scheme non-cash movement	54,000	40,000
Net effect of foreign exchange differences	(7,616)	21,644
Movements in working capital:		
Decrease/(increase) in stocks	234,073	(108,040)
(Increase)/decrease in debtors	(99,799)	222,302
(Decrease)/increase in creditors	(289,894)	203,380
Cash generated from operations	782,554	1,317,679

34 Cash generated from operations - company

	2017	2016
	£	£
Profit for the year after tax	1,116,893	685,897
Adjustments for:		
Taxation charged	45,969	67,450
Finance costs	37,605	30,705
Investment income	(822,504)	(400,000)
Depreciation and impairment of tangible fixed assets	33,770	33,750
Movements in working capital:		
Decrease/(increase) in debtors	720	(8,700)
(Decrease)/increase in creditors	(414,658)	33,575
Cash (absorbed by)/generated from operations	(2,205)	442,677