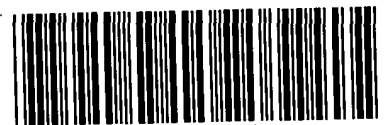


Company Registration No. 138006 (England and Wales)

SEM LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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COMPANIES HOUSE

SEM LIMITED

COMPANY INFORMATION

Directors	M A Laming T Walther
Secretary	M Laming
Company number	138006
Registered office	One Hundred House Brunel Way Dartford DA1 5TH
Auditor	Friend-James Limited 4th Floor, Park Gate 161-163 Preston Road Brighton East Sussex BN1 6AF
Business address	One Hundred House Brunel Way Dartford DA1 5TH

SEM LIMITED

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SEM LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report for the year ended 31 December 2016.

Fair review of the business

After a successful move of the business to Dartford in 2015, the company in 2016 focused on consolidating new production lines and the introduction of new processes. These projects are planned to run until the end of 2018.

The comparison between 2015 and 2016 in terms of financial performance is not a meaningful measure as the 2015 results were heavily affected by the eighteen months of planning and moving to Dartford with products manufactured in advance of sales.

2016 saw a return to profitability, one of our main performance KPIs, which we see continuing through 2017 and beyond.

Just over one year after the move, we are pleased to report that we have retained over 85% of the staff that were employed at our previous location, highlighting the commitment of our dedicated workforce.

Principal risks and uncertainties

In respect of bank balances the liquidity risk is managed by ensuring the continuity of funding through close monitoring of the level of UK group funds. Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due. The UK intra-group loans are interest free and the loan from the ultimate parent carried interest at a commercial rate, all are repayable on demand. The ultimate parent and fellow wholly owned group subsidiaries are aware of the company's required finance and have determined that the internal finance will be repaid, in whole or in part, when funds are available.

Future developments

After a successful move of the business to Dartford in 2015 the company remains focused on manufacturing high quality motors utilising the latest production techniques. Monies are available and committed to continue our progress.

On behalf of the board



M A Laming

Director

10 February 2017

SEM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors present their report and financial statements for the year ended 31 December 2016. Reference should also be made to the Strategic report.

Principal activities

The principal activity of the company continued to be that of the design and manufacture of electric synchronous and asynchronous motors and associated equipment.

Directors

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

M A Laming
T Walther

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend payment of an ordinary dividend.

Research and development

The company's research and development team continue to contribute to group lead projects on motor performance.

Auditor

The auditor, Friend-James Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

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

Going Concern

No material uncertainties that may cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors.

On behalf of the board

M A Laming

M A Laming
Director

10 February 2017

SEM LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SEM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEM LIMITED

We have audited the financial statements of SEM Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement Of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion 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.

SEM LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SEM LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report 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, 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.

Friend-James Ltd

Michelle Westbury FCCA (Senior Statutory Auditor)
for and on behalf of Friend-James Limited

10 February 2017

Chartered Accountants
Statutory Auditor

4th Floor, Park Gate
161-163 Preston Road
Brighton
East Sussex
BN1 6AF

SEM LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

		2016 £	2015 £
	Notes		
Turnover	4	21,176,195	17,754,324
Cost of sales		(15,002,953)	(17,343,510)
Gross profit		6,173,242	410,814
Distribution costs		(192,325)	(228,187)
Administrative expenses		(3,774,203)	(4,798,627)
Other operating income		99,648	137,305
Operating profit/(loss)	5	2,306,362	(4,478,695)
Interest payable and similar expenses	7	(307,833)	(334,474)
Profit/(loss) before taxation		1,998,529	(4,813,169)
Taxation	8	-	28,461
Profit/(loss) for the financial year		1,998,529	(4,784,708)

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

SEM LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	9	25,345,125		23,936,012	
Investments	10		378		378
		25,345,503		23,936,390	
Current assets					
Stocks	13	3,212,935		3,068,351	
Debtors	14	4,648,860		2,715,104	
Cash at bank and in hand		2,699,619		2,195,975	
		10,561,414		7,979,430	
Creditors: amounts falling due within one year	15	(17,876,139)		(25,883,571)	
Net current liabilities		(7,314,725)		(17,904,141)	
Total assets less current liabilities		18,030,778		6,032,249	
Capital and reserves					
Called up share capital	18	25,900,000		15,900,000	
Profit and loss reserves		(7,869,222)		(9,867,751)	
Total equity		18,030,778		6,032,249	

The financial statements were approved by the board of directors and authorised for issue on 10 February 2017 and are signed on its behalf by:

M A Laming

M A Laming
Director

Company Registration No. 138006

SEM LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2015		15,900,000	(5,083,043)	10,816,957
Year ended 31 December 2015:				
Loss and total comprehensive income for the year		-	(4,784,708)	(4,784,708)
Balance at 31 December 2015		15,900,000	(9,867,751)	6,032,249
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	1,998,529	1,998,529
Issue of share capital	18	10,000,000	-	10,000,000
Balance at 31 December 2016		25,900,000	(7,869,222)	18,030,778

SEM LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	22	(6,348,706)		7,797,919	
Interest paid		(307,833)		(334,474)	
Income taxes (paid)/refunded		-		28,461	
Net cash (outflow)/inflow from operating activities		<u>(6,656,539)</u>		<u>7,491,906</u>	
Investing activities					
Purchase of tangible fixed assets		(2,812,364)	(10,028,436)		
Proceeds on disposal of tangible fixed assets		-	(1,700)		
Net cash used in investing activities		<u>(2,812,364)</u>		<u>(10,030,136)</u>	
Financing activities					
Proceeds from issue of shares		10,000,000	-		
Net cash generated from/(used in) financing activities		<u>10,000,000</u>		<u>-</u>	
Net increase/(decrease) in cash and cash equivalents		531,097		(2,538,230)	
Cash and cash equivalents at beginning of year		2,168,522		4,706,752	
Cash and cash equivalents at end of year		<u>2,699,619</u>		<u>2,168,522</u>	
Relating to:					
Cash at bank and in hand		2,699,619		2,195,975	
Bank overdrafts included in creditors payable within one year		-		(27,453)	

SEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

SEM Limited is a private company limited by shares incorporated in England and Wales. The registered office is One Hundred House, Brunel Way, Dartford, DA1 5TH. The company has complied with FRS 102.

1.1 Accounting convention

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

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

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

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

SEM Limited is a wholly owned subsidiary of Westec Holding Company Limited and the results of SEM Limited are included in the consolidated financial statements of Westec Holding Company Limited which are available from 200 London Road, Burgess Hill, RH16 9RD.

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

1.2 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.

1.3 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	Buildings 33 years straight line
Plant, machinery & fixtures	3 - 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 credited or charged to profit or loss.

SEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.4 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

1.5 Impairment of fixed assets

At each reporting period end date, the company 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.

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.

1.6 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.

Cost is calculated using the weighted moving average price method for purchased items and 'standard price' for manufactured items.

A stock provision is applied based on the age and coverage of individual stock lines.

1.7 Cash and cash equivalents

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

1.8 Financial assets

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

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

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

SEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

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.

Derecognition of financial assets

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

1.9 Financial liabilities

Basic financial liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Derecognition of financial liabilities

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

1.10 Equity instruments

Equity instruments issued by the company 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 company.

1.11 Taxation

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

Current tax

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

SEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Deferred tax

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes and the effect of losses. The deferred tax balance has not been discounted.

1.12 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.

1.13 Retirement benefits

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

1.14 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All realised gains and losses, along with unrealised losses, are taken to the statement of comprehensive income.

2 Change in accounting policy

The company has changed the presentation of the expense heading Profit or loss on foreign exchange from Administrative Expenses to Cost of Sales as this better reflects the nature of the income/ expense. The change is £274,237 (2015 : £3,956). This change has no impact on the profit or loss in either year.

3 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Stock

A stock provision is applied based on the age and coverage of individual stock lines.

SEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

4 Turnover and other revenue

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

	2016 £	2015 £
Turnover		
Turnover	21,176,195	17,754,324

Turnover analysed by geographical market

	2016 £	2015 £
Within European Union	19,775,882	16,689,622
Rest of the world	1,400,313	1,064,702
	21,176,195	17,754,324

5 Operating profit/(loss)

	2016 £	2015 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange gains	(274,237)	(3,956)
Research and development costs	155,137	127,301
Fees payable to the company's auditor for the audit of the company's financial statements	19,500	18,800
Depreciation of owned tangible fixed assets	1,400,928	1,255,332
Loss on disposal of tangible fixed assets	2,323	130,727
Cost of stocks recognised as an expense	8,043,733	8,872,413
Operating lease charges	53,006	473,750

6 Employees

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

	2016 Number	2015 Number
Production	167	177
Selling and distribution	5	5
Administration	28	29
	200	211

SEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

6	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2016	2015
		£	£
	Wages and salaries	5,830,813	6,251,618
	Social security costs	578,026	629,156
	Pension costs	257,660	255,660
		<u>6,666,499</u>	<u>7,136,434</u>
7	Interest payable and similar expenses		
		2016	2015
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest payable to group undertakings	307,833	334,474
		<u>307,833</u>	<u>334,474</u>
8	Taxation		
		2016	2015
		£	£
	Current tax		
	Adjustments in respect of prior periods	-	(28,461)
		<u>-</u>	<u>(28,461)</u>
The actual charge/(credit) for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:			
		2016	2015
		£	£
	Profit/(loss) before taxation	1,998,529	(4,813,169)
		<u>1,998,529</u>	<u>(4,813,169)</u>
	Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	399,706	(962,634)
	Tax effect of expenses that are not deductible in determining taxable profit	5,963	2,687
	Tax effect of utilisation of tax losses not previously recognised	(544,522)	-
	Unutilised tax losses carried forward	-	588,523
	Adjustments in respect of prior years	-	(28,461)
	Group relief	-	500,000
	Permanent capital allowances in excess of depreciation	138,853	(122,576)
	Research and development tax credit	-	(6,000)
		<u>-</u>	<u>(28,461)</u>
	Taxation for the year	-	(28,461)
		<u>-</u>	<u>(28,461)</u>

SEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

8 Taxation

(Continued)

The company has estimated losses of £4.9m (2015 : £7.8m) The company has a potential deferred tax asset of £690,000 (2015: 950,000) at the balance sheet date which will be recoverable if the company becomes profitable in the future.

9 Tangible fixed assets

	Land and buildings Freehold £	Plant, machinery & fixtures £	Total £
Cost			
At 1 January 2016	20,053,871	8,943,668	28,997,539
Additions	218,952	2,593,412	2,812,364
Disposals	-	(3,300)	(3,300)
At 31 December 2016	20,272,823	11,533,780	31,806,603
Depreciation and impairment			
At 1 January 2016	646,148	4,415,379	5,061,527
Depreciation charged in the year	593,791	807,137	1,400,928
Eliminated in respect of disposals	-	(977)	(977)
At 31 December 2016	1,239,939	5,221,539	6,461,478
Carrying amount			
At 31 December 2016	19,032,884	6,312,241	25,345,125
At 31 December 2015	19,407,723	4,528,289	23,936,012

The carrying value of land and buildings comprises:

	2016 £	2015 £
Freehold	4,900,000	4,900,000

10 Fixed asset investments

	Notes	2016 £	2015 £
Investments in subsidiaries	11	2	2
Unlisted investments		376	376
		378	378

SEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

10 Fixed asset investments

(Continued)

Movements in fixed asset investments

	Shares in group undertakings	Other investments other than loans	Total
	£	£	£
Cost or valuation			
At 1 January 2016 & 31 December 2016	2	376	378
Carrying amount			
At 31 December 2016	2	376	378
At 31 December 2015	2	376	378

11 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Small Electric Motors Limited	England	Dormant	Ordinary	100.00

12 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,794,652	2,628,833
Equity instruments measured at cost less impairment	376	376
Carrying amount of financial liabilities		
Measured at amortised cost	17,633,373	25,648,459

13 Stocks

	2016 £	2015 £
Raw materials and consumables	1,998,230	1,872,093
Work in progress	713,855	714,879
Finished goods and goods for resale	500,850	481,379
	3,212,935	3,068,351

SEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

14 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	452,291	270,233
Amounts due from fellow group undertakings	2,260,536	30,191
Other debtors	312,537	427,829
Prepayments and accrued income	1,623,496	1,986,851
	<u>4,648,860</u>	<u>2,715,104</u>

15 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	16	-	27,453
Trade creditors		763,447	883,469
Amounts due to group undertakings		14,568,574	21,447,645
Other taxation and social security		242,766	235,112
Other creditors		1,126,048	1,829,416
Accruals and deferred income		1,175,304	1,460,476
		<u>17,876,139</u>	<u>25,883,571</u>

16 Loans and overdrafts

	2016 £	2015 £
Bank overdrafts	-	27,453
	<u>-</u>	<u>27,453</u>
Payable within one year	-	27,453
	<u>-</u>	<u>27,453</u>

17 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	257,660	255,660
	<u>257,660</u>	<u>255,660</u>

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

SEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

18 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
259,000,000 Ordinary of 10p each	25,900,000	15,900,000

The company has one class of ordinary shares which carry no right to fixed income.

Reconciliation of movements during the year:

	Number
At 1 January 2016	15,900,000
Issue of fully paid shares	10,000,000
At 31 December 2016	25,900,000

19 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2016 £	2015 £
Acquisition of property, plant and equipment	3,567,790	3,733,960

20 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2016 £	2015 £
Aggregate compensation	274,120	179,357

Remuneration above is recharged from the parent company, £274,120 (2015: £179,357).

No guarantees have been given or received.

SEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

21 Controlling party

The immediate parent company is Westec Holding Company Limited, a company registered in England and Wales, which is owned by Dr Johannes Heidenhain GmbH, a company registered in Germany. Dr Johannes Heidenhain GmbH is 100% owned by Dr Johannes Heidenhain- Stiftung GmbH, a company registered in Germany.

Westec Holding Company Limited, registered office 200 London Road, Burgess Hill, West Sussex RH15 9RD, prepares group financial statements.

22 Cash generated from operations

	2016 £	2015 £
Profit/(loss) for the year after tax	1,998,529	(4,784,708)
Adjustments for:		
Taxation charged/(credited)	-	(28,461)
Finance costs	307,833	334,474
Loss on disposal of tangible fixed assets	2,323	130,727
Depreciation and impairment of tangible fixed assets	1,400,928	1,255,332
Movements in working capital:		
(Increase)/decrease in stocks	(144,584)	312,198
(Increase) in debtors	(1,933,756)	(393,402)
(Decrease)/increase in creditors	(7,979,979)	10,971,759
Cash (absorbed by)/generated from operations	(6,348,706)	7,797,919