

Nicholsons Sealing Technologies Limited

Report and Financial Statements

31 March 2017

Nicholsons Sealing Technologies Limited
Report and accounts
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Nicholsons Sealing Technologies Limited

Company Information

Directors

J J Nicholson

N P Green

H M Green

E C Green

T P Nicholson (Resigned 5th August 2016)

M M Smith (Resigned 9th February 2017)

Auditors

Laverick Walton & Co.

A1 Marquis Court

Team Valley

Gateshead

Tyne & Wear

NE11 0RU

Bankers

Barclays Bank plc

Registered office

Amos Drive

Greencroft Industrial Park

Stanley

County Durham

DH9 7YE

Registered number

00188150

Nicholsons Sealing Technologies Limited

Registered number:

00188150

Directors' Report

The directors present their report and financial statements for the year ended 31 March 2017.

Principal activities

The company's principal activity during the year continued to be the manufacture of specialist sealing products for automotive and aerospace industries.

Research and development

The company undertakes research and development on an ongoing basis to improve its current range of products, and to develop new products and procedures, mainly within, but not limited to the automotive and aerospace sectors.

Dividends

The directors recommend a final dividend of £3.468 (2016:£2.168) per share

Directors

The following persons served as directors during the year:

J J Nicholson

N P Green

H M Green

E C Green

T P Nicholson (Resigned 5th August 2016)

M M Smith (Resigned 9th February 2017)

Charitable donations

During the year the company made total charitable donations of £Nil (2016:£2,300).

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 19 September 2017 and signed on its behalf.

Mr N P Green

Director

Nicholsons Sealing Technologies Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the report and 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 (Financial Reporting Standard 102 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 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 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.

Nicholsons Sealing Technologies Limited

Strategic Report

Review of the business

The company has increased turnover and profitability achieved in the previous year. Turnover has increased by 31% from last year, and profit on ordinary activities before taxation has increased by 60%.

The company has re-invested substantial amounts in its facility, equipment and personnel during the year.

The directors have identified, and set out below, the key performance indicators:

Key performance indicators	2017	2016
	£	£
Gross profit	6,340,280	4,236,261
Profit for the financial year	2,404,015	1,522,642
Net assets	5,647,730	5,643,715

Future developments

The directors consider that current levels of turnover and profitability will become more difficult to maintain. The main risks and uncertainties that the directors believe may affect the company in the future are listed below.

Principal risks and uncertainties

The performance of the company is subject to a number of risks, including customer pricing agreements and demand, global market conditions, availability of qualified staff, loss of major key customers, health and safety, environmental and quality issues, critical equipment and site continuity. These risks are regularly reviewed by the board of directors and appropriate processes have been put in place to monitor and mitigate risks where possible.

This report was approved by the board on 19 September 2017 and signed on its behalf.

Mr N P Green
Director

Nicholsons Sealing Technologies Limited

Independent auditors' report

to the member of Nicholsons Sealing Technologies Limited

We have audited the financial statements of Nicholsons Sealing Technologies Limited for the year ended 31 March 2017 which comprise the Income Statement, 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 auditors' 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 auditors

As explained more fully in the Statement of Directors' Responsibilities, 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 accounts

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/auditscopeukprivate

Opinion on the accounts

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 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 the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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 accounts 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.

Mr K M Thomson

(Senior Statutory Auditor)

for and on behalf of

Laverick Walton & Co.

Accountants and Statutory Auditors

19 September 2017

A1 Marquis Court

Team Valley

Gateshead

Tyne & Wear

NE11 0RU

Nicholsons Sealing Technologies Limited
Income Statement
for the year ended 31 March 2017

	Notes	2017 £	2016 £
Turnover	3	11,942,955	9,104,630
Cost of sales		(5,602,675)	(4,868,369)
Gross profit		<u>6,340,280</u>	<u>4,236,261</u>
Distribution costs		(172,428)	(151,079)
Administrative expenses		(3,267,662)	(2,269,558)
Other operating income		38,710	36,334
Operating profit	4	<u>2,938,900</u>	<u>1,851,958</u>
Interest payable	7	(19,043)	(27,249)
Profit on ordinary activities before taxation		<u>2,919,857</u>	<u>1,824,709</u>
Tax on profit on ordinary activities	8	(515,842)	(302,067)
Profit for the financial year		<u><u>2,404,015</u></u>	<u><u>1,522,642</u></u>

Nicholsons Sealing Technologies Limited
Statement of Financial Position
as at 31 March 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	9	5,490,817	3,351,618
Investments	10	1,872,215	1,872,215
		<u>7,363,032</u>	<u>5,223,833</u>
Current assets			
Stocks	11	2,307,782	1,802,350
Debtors	12	2,859,085	2,500,324
Cash at bank and in hand		948,460	1,534,395
		<u>6,115,327</u>	<u>5,837,069</u>
Creditors: amounts falling due within one year	13	(7,510,746)	(4,749,829)
Net current (liabilities)/assets		<u>(1,395,419)</u>	<u>1,087,240</u>
Total assets less current liabilities		<u>5,967,613</u>	<u>6,311,073</u>
Creditors: amounts falling due after more than one year	14	-	(356,342)
Provisions for liabilities			
Deferred taxation	15	(319,883)	(311,016)
Net assets		<u>5,647,730</u>	<u>5,643,715</u>
Capital and reserves			
Called up share capital	16	691,958	691,958
Share premium	17	855,633	855,633
Other reserves	18	73,411	73,411
Profit and loss account	19	4,026,728	4,022,713
Total equity		<u>5,647,730</u>	<u>5,643,715</u>

Mr N P Green

Director

Approved by the board on 19 September 2017

Nicholsons Sealing Technologies Limited
Statement of Changes in Equity
for the year ended 31 March 2017

	Share capital	Share premium	Other reserves	Profit and loss account	Total
	£	£	£	£	£
At 1 April 2015	691,958	855,633	73,411	4,000,071	5,621,073
Profit for the financial year				1,522,642	1,522,642
Dividends				(1,500,000)	(1,500,000)
At 31 March 2016	<u>691,958</u>	<u>855,633</u>	<u>73,411</u>	<u>4,022,713</u>	<u>5,643,715</u>
At 1 April 2016	691,958	855,633	73,411	4,022,713	5,643,715
Profit for the financial year				2,404,015	2,404,015
Dividends				(2,400,000)	(2,400,000)
At 31 March 2017	<u>691,958</u>	<u>855,633</u>	<u>73,411</u>	<u>4,026,728</u>	<u>5,647,730</u>

Nicholsons Sealing Technologies Limited
Statement of Cash Flows
for the year ended 31 March 2017

	Notes	2017 £	2016 £
Operating activities			
Profit for the financial year		2,404,015	1,522,642
Adjustments for:			
Interest payable		19,043	27,249
Tax on profit on ordinary activities		515,842	302,067
Depreciation		580,062	427,785
Increase in stocks		(505,432)	(121,326)
Increase in debtors		(358,761)	(333,705)
Increase in creditors		2,605,515	1,688,396
		<u>5,260,284</u>	<u>3,513,108</u>
Interest paid		(19,043)	(27,249)
Corporation tax paid		(310,749)	(193,058)
Cash generated by operating activities		<u>4,930,492</u>	<u>3,292,801</u>
Investing activities			
Payments to acquire tangible fixed assets		(2,729,185)	(1,152,037)
Proceeds from sale of tangible fixed assets		9,924	3,067
Cash used in investing activities		<u>(2,719,261)</u>	<u>(1,148,970)</u>
Financing activities			
Equity dividends paid		(2,400,000)	(1,500,000)
Repayment of loans		(397,166)	(40,818)
Capital element of finance lease payments		-	(2,012)
Cash used in financing activities		<u>(2,797,166)</u>	<u>(1,542,830)</u>
Net cash (used)/generated			
Cash generated by operating activities		4,930,492	3,292,801
Cash used in investing activities		(2,719,261)	(1,148,970)
Cash used in financing activities		(2,797,166)	(1,542,830)
Net cash (used)/generated		<u>(585,935)</u>	<u>601,001</u>
Cash and cash equivalents at 1 April		<u>1,534,395</u>	<u>933,394</u>
Cash and cash equivalents at 31 March		<u>948,460</u>	<u>1,534,395</u>

Cash and cash equivalents comprise:

Cash at bank

948,460

1,534,395

Nicholsons Sealing Technologies Limited

Notes to the Accounts

for the year ended 31 March 2017

1 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Consolidated accounts for the company and its subsidiary, Nicholsons Aircraft Seals Limited, have not been prepared as the company's accounts are already consolidated along with its parent company, Nicholsons Group Limited, and this company is therefore exempt from preparing consolidated accounts in accordance with section 400 of the Companies Act 2006.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Buildings	over 15 years on a straight line basis
Plant and machinery	10% and 15% per annum on a straight line basis
Motor vehicles	25% per annum on a reducing balance basis
Computer equipment	20% per annum on a straight line basis

Investments

Investments in unquoted equity instruments are measured at cost price using the purchase method, less any impairment identified.

Stocks

Stocks of raw materials are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first in first out method.

Work in progress and finished goods are measured at cost price including an estimated element of labour and overhead recovery.

The carrying amount of stock sold is recognised as an expenses in the period in which the related revenue is recognised.

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts. Loans repayable on demand are measured at nominal value.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price).

Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method. Loans repayable on demand are measured at nominal value.

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period.

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used.

Current and deferred tax assets and liabilities are not discounted.

Provisions

Provisions (ie liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

Foreign currency translation

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

Pensions

Contributions to defined contribution plans are expensed in the period to which they relate.

Government grants

The company has adopted the performance model in relation to the recognition of government grants. Grants that impose specified future performance related conditions are only recognised in income when all the conditions are met. Such grants are recognised as liabilities within deferred income until the performance related conditions are met.

2 Critical accounting estimates and judgements

The company makes certain estimates and assumptions concerning the future. The resulting accounting estimates, by definition, will not always be the same as the actual results. Estimates and judgements are continually evaluated and are based on managements' historical experience and other factors, including expectations of future events that are vbelieved to be reasonable under these circumstances. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year include fixed assets (note 9), stocks (note 11), prepayments (note 12) and accruals (note 13).

3 Analysis of turnover	2017	2016
	£	£
Sale of goods	<u>11,942,955</u>	<u>9,104,630</u>
By geographical market:		
UK	7,821,950	5,589,076
Europe	590,353	501,017
North America	2,665,051	2,582,149
Rest of world	<u>865,601</u>	<u>432,388</u>
	<u>11,942,955</u>	<u>9,104,630</u>
4 Operating profit	2017	2016
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	580,062	427,785
Research and development expenditure	264,779	252,692
Auditors' remuneration for audit services	11,000	11,000
Exchange rate losses	(49,640)	24,763
Key management personnel compensation (including directors' emoluments)	132,161	53,231
Carrying amount of stock sold	<u>1,986,726</u>	<u>1,798,389</u>
5 Directors' emoluments	2017	2016
	£	£
Emoluments	13,463	13,463
Company contributions to defined contribution pension plans	<u>40,563</u>	<u>39,768</u>
	<u>54,026</u>	<u>53,231</u>
Number of directors to whom retirement benefits accrued:	2017	2016
	Number	Number
Defined contribution plans	<u>4</u>	<u>4</u>

6 Staff costs	2017	2016
	£	£
Wages and salaries	2,924,741	2,489,333
Social security costs	226,469	169,077
Other pension costs	130,131	125,442
	<u>3,281,341</u>	<u>2,783,852</u>

Average number of employees during the year	Number	Number
Administration	8	7
Development	13	13
Distribution	16	15
Manufacturing	105	100
	<u>142</u>	<u>135</u>

7 Interest payable	2017	2016
	£	£
Bank loans and overdrafts	<u>19,043</u>	<u>27,249</u>

8 Taxation	2017	2016
	£	£
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	506,086	228,992
Adjustments in respect of previous periods	889	-
	<u>506,975</u>	<u>228,992</u>
Deferred tax:		
Origination and reversal of timing differences	<u>8,867</u>	<u>73,075</u>
Tax on profit on ordinary activities	<u>515,842</u>	<u>302,067</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2017	2016
	£	£
Profit on ordinary activities before tax	<u>2,919,857</u>	<u>1,824,709</u>

Standard rate of corporation tax in the UK	20%	20%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	583,971	364,942
Effects of:		
Expenses not deductible for tax purposes	10,841	834
Capital allowances for period in excess of depreciation	(14,315)	(70,217)
Relief for research and development expenditure	(74,411)	(65,700)
Adjustments to tax charge in respect of previous periods	889	(867)
Current tax charge for period	<u>506,975</u>	<u>228,992</u>

Factors that may affect future tax charges

For financial year ended 31st March 2018, the main rate of Corporation Tax reduces from 20% to 19%.

9 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	<i>At cost</i>	<i>At cost</i>	<i>At cost</i>	
	£	£	£	£
Cost or valuation				
At 1 April 2016	316,311	6,695,960	169,754	7,182,025
Additions	1,658,556	1,039,429	31,200	2,729,185
Disposals	-	-	(27,444)	(27,444)
At 31 March 2017	<u>1,974,867</u>	<u>7,735,389</u>	<u>173,510</u>	<u>9,883,766</u>
Depreciation				
At 1 April 2016	14,448	3,717,715	98,244	3,830,407
Charge for the year	94,059	461,262	24,741	580,062
On disposals	-	-	(17,520)	(17,520)
At 31 March 2017	<u>108,507</u>	<u>4,178,977</u>	<u>105,465</u>	<u>4,392,949</u>
Carrying amount				
At 31 March 2017	<u>1,866,360</u>	<u>3,556,412</u>	<u>68,045</u>	<u>5,490,817</u>
At 31 March 2016	<u>301,863</u>	<u>2,978,245</u>	<u>71,510</u>	<u>3,351,618</u>

10 Investments

	2017	2016
	£	£
Shares in subsidiary undertakings	<u>1,872,215</u>	<u>1,872,215</u>

The company holds 20% or more of the share capital of the following companies:

Company	Shares held Class	%	Capital and reserves	Profit (loss) for the year
			£	£
Nicholsons Aircraft Seals Ltd	Ordinary	100	1,872,215	-

11 Stocks	2017	2016
	£	£
Raw materials and consumables	573,217	599,555
Work in progress	356,502	329,790
Finished goods and goods for resale	1,378,063	873,005
	<u>2,307,782</u>	<u>1,802,350</u>

12 Debtors	2017	2016
	£	£
Trade debtors	2,698,098	2,362,325
Prepayments and accrued income	160,987	137,999
	<u>2,859,085</u>	<u>2,500,324</u>

13 Creditors: amounts falling due within one year	2017	2016
	£	£
Bank loans	-	40,824
Trade creditors	863,303	609,489
Amounts owed to group undertakings and undertakings in which the company has a participating interest	5,310,840	3,513,108
Corporation tax	306,085	109,859
Other taxes and social security costs	150,605	115,106
Accruals and deferred income	879,913	361,443
	<u>7,510,746</u>	<u>4,749,829</u>

14 Creditors: amounts falling due after one year	2017	2016
	£	£
Bank loans	<u>-</u>	<u>356,342</u>

15 Deferred taxation	2017	2016
	£	£

Accelerated capital allowances			<u>319,883</u>	<u>311,016</u>
			2017	2016
			£	£
At 1 April			311,016	237,941
Charged to the profit and loss account			8,867	73,075
At 31 March			<u>319,883</u>	<u>311,016</u>
16 Share capital	Nominal	2017	2017	2016
	value	Number	£	£
Allotted, called up and fully paid:				
Ordinary shares	£1 each	691,958	<u>691,958</u>	<u>691,958</u>
17 Share premium			2017	2016
			£	£
At 1 April			855,633	855,633
At 31 March			<u>855,633</u>	<u>855,633</u>
18 Other reserves			2017	2016
Capital redemption reserve			£	£
At 1 April			73,411	73,411
At 31 March			<u>73,411</u>	<u>73,411</u>
19 Profit and loss account			2017	2016
			£	£
At 1 April			4,022,713	4,000,071
Profit for the financial year			2,404,015	1,522,642
Dividends			(2,400,000)	(1,500,000)
At 31 March			<u>4,026,728</u>	<u>4,022,713</u>
20 Dividends			2017	2016
			£	£
Dividends on ordinary shares (note 19)			<u>2,400,000</u>	<u>1,500,000</u>

21 Capital commitments	2017	2016
	£	£
Amounts contracted for but not provided in the accounts	<u>616,300</u>	<u>-</u>

22 Controlling party

The company is controlled by its ultimate parent undertaking, Nicholson's Group Limited.

23 Government grants

During the financial year the company received government grants amounting to £509,249 (2016: £169,901) from the Regional Growth Fund. At 31st March 2017, the company had not fulfilled all conditions attached to the grant funding. The unfulfilled conditions was the creation of a specific number of jobs. The full amount of grant received to 31st March 2017 has been included in deferred income.

24 Presentation currency

The financial statements are presented in Sterling.

25 Legal form of entity and country of incorporation

Nicholson's Sealing Technologies Limited is a private company limited by shares and incorporated in England.

26 Principal place of business

The address of the company's principal place of business and registered office is:

Amos Drive
Greencroft Industrial Park
Stanley
County Durham
DH9 7YE

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.