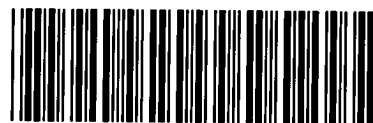


Pritchard Patent Product Co. Limited

**Annual Report and Financial Statements
Year Ended 30 April 2017**

Registration number: 00408782

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COMPANIES HOUSE

Pritchard Patent Product Co. Limited

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Pritchard Patent Product Co. Limited

Company Information

Directors Mr C M Pritchard
 Mrs H M Robarts-Arnold
 Mrs C B Sargent
 Mr C P Noake
 Mr J H B Robarts-Arnold

Company secretary Mr C P Noake

Registered office Underleys
 Beer
 Seaton
 Devon
 EX12 3NA

Auditors PKF Francis Clark
 Statutory Auditor
 Blackbrook Gate 1
 Blackbrook Business Park
 Taunton
 Somerset
 TA1 2PX

Pritchard Patent Product Co. Limited

Strategic Report

Year Ended 30 April 2017

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

Fair review of the business

During the year the company continued its trade of the manufacture and distribution of model railway accessories and the Directors are pleased with the performance for the year.

Turnover saw an increase of 8%, mainly due to the performance in the home (UK) market. Gross profit margin increased from just over 19% to 22%. The company continued to see commodity prices remaining low but has seen increases in wages costs.

The profit for the year, after taxation, amounted to £495,732 (2016 - £64,842).

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

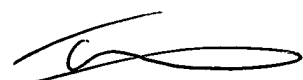
	Unit	2017	2016
Turnover	£	7,014,100	6,499,637
Gross profit margin	%	22	19

Principal risks and uncertainties

The principal risks and uncertainties that could impact the company's long term performance include the wider economic climate affecting disposable income of the target market both in the UK and overseas markets where the company trades, as well as movements in metals pricing. Financial risks associated with the purchase of commodities (metal) is actively managed by way of forward purchasing at fixed rates.

As described above the company is the representative company of the multi-employer defined benefit pension scheme which was closed to members in 2011. The FRS 102 liability of £8,174,000 (2016 - £3,537,000) is recognised on the company's balance sheet. The related deferred tax asset of £1,390,000 (2016 - £637,000) is included within debtors. This deficit is sensitive to the key assumptions used in its compilation and these are set out in note 22, these assumptions will differ from those used in the actuarial valuation. The company maintains substantial cash balances which are ring-fenced in order to fund the deficit should the need arise.

Approved by the Board on 5-12-2017 and signed on its behalf by:



Mr C P Noake
Company secretary and director

Pritchard Patent Product Co. Limited

Directors' Report

Year Ended 30 April 2017

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

Directors of the company

The directors who held office during the year were as follows:

Mr C M Pritchard

Mrs H M Roberts-Arnold

Mrs C B Sargent

Mr C P Noake - Company secretary and director

Mr J H B Roberts-Arnold

Financial instruments

Objectives and policies

The company's activities expose it to a number of financial risks including credit risk, cashflow risk and liquidity risk. The use and nature of financial instruments are determined by the directors in the context of trading terms made available to the company by customers and suppliers, with the objective of securing the liquidity and profitability of the company.

Price risk, credit risk, liquidity risk and cash flow risk

The company's principal financial instruments comprise bank balances, trade creditors and trade debtors.

Due to the nature of the financial instruments used by the company, there is a limited exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the availability of overdraft facilities at floating rates of interest.

Trade debtors are managed in respect of credit and cash flow risk policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due. Trade creditors are paid in line with agreed credit terms and conditions, subject to correct invoicing.

Future developments

A programme of planned capital expenditure has been developed in order to ensure the company continues to produce quality products for the market place and cash balances have been retained in order to deliver those projects. In addition, the cash balances retained enable the directors to take advantage of trading and expansion opportunities as they arise, such as the post year end acquisition of certain trade and assets of Parkside which has increased the number of the company's product lines in the market place.

Important non adjusting events after the financial period

On 19 September 2017 the company acquired an investment property for £420,000.

Pritchard Patent Product Co. Limited

Directors' Report

Year Ended 30 April 2017

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 5-12-2017 and signed on its behalf by:



Mr C P Noake
Company secretary and director

Pritchard Patent Product Co. Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 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; and
- 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.

Pritchard Patent Product Co. Limited

Independent Auditor's Report to the Members of Pritchard Patent Product Co. Limited

We have audited the financial statements of Pritchard Patent Product Co. Limited for the year ended 30 April 2017, set out on pages 8 to 30. 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 Statement of Directors' Responsibilities (set out on page 5), 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 (APB's) Ethical Standards for Auditors to the financial statements.

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 the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 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.

Pritchard Patent Product Co. Limited

Independent Auditor's Report to the Members of Pritchard Patent Product Co. Limited

Opinion on other matter prescribed by the Companies Act 2006

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

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

In the light of our 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.

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 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.



Nicholas Farrant BA MSc ACA (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Blackbrook Gate 1
Blackbrook Business Park
Taunton
Somerset
TA1 2PX

Date: 8th DECEMBER 2017

Pritchard Patent Product Co. Limited

Profit and Loss Account

Year Ended 30 April 2017

	Note	2017 £	2016 £
Turnover	3	7,014,100	6,499,637
Cost of sales		<u>(5,493,168)</u>	<u>(5,274,676)</u>
Gross profit		1,520,932	1,224,961
Distribution costs		(213,700)	(225,004)
Administrative expenses		(571,383)	(670,364)
Other operating income	4	<u>32,885</u>	<u>32,171</u>
Operating profit	5	768,734	361,764
Other interest receivable and similar income	9	35,247	18,718
Amounts written off investments		-	(8,065)
Interest payable and similar charges	10	<u>(129,010)</u>	<u>(164,272)</u>
Profit before tax		674,971	208,145
Taxation	11	<u>(179,239)</u>	<u>(143,253)</u>
Profit for the financial year		<u><u>495,732</u></u>	<u><u>64,892</u></u>

The notes on pages 12 to 30 form an integral part of these financial statements.

Pritchard Patent Product Co. Limited

Statement of Comprehensive Income

Year Ended 30 April 2017

	2017	2016
	£	£
Profit for the year	<u>495,732</u>	<u>64,892</u>
Remeasurement (loss)/gain on defined benefit pension schemes	(4,587,000)	1,664,000
Deferred tax on actuarial (loss)/gain recognised in pension	<u>780,000</u>	<u>(299,000)</u>
	<u>(3,807,000)</u>	<u>1,365,000</u>
Total comprehensive income for the year	<u>(3,311,268)</u>	<u>1,429,892</u>


Pritchard Patent Product Co. Limited

Balance Sheet

30 April 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	12	32,160	33,375
Tangible assets	13	3,102,024	2,970,612
Investments	14	15,001	15,001
Other financial assets	15	100	100
		<u>3,149,285</u>	<u>3,019,088</u>
Current assets			
Stocks	16	2,333,850	2,401,110
Debtors	17	1,986,228	1,212,471
Cash at bank and in hand		<u>2,960,979</u>	<u>2,269,891</u>
		7,281,057	5,883,472
Creditors: Amounts falling due within one year	19	<u>(1,310,873)</u>	<u>(1,035,623)</u>
Net current assets		<u>5,970,184</u>	<u>4,847,849</u>
Total assets less current liabilities		9,119,469	7,866,937
Provisions for liabilities	21	<u>(111,000)</u>	<u>(105,000)</u>
Net assets excluding pension liability		9,008,469	7,761,937
Pension liability	22	<u>(8,174,000)</u>	<u>(3,537,000)</u>
Net assets		<u>834,469</u>	<u>4,224,937</u>
Capital and reserves			
Called up share capital	23	8,675	8,675
Profit and loss account		<u>825,794</u>	<u>4,216,262</u>
Total equity		<u>834,469</u>	<u>4,224,937</u>

Approved and authorised by the Board on 5-12-2017 and signed on its behalf by:


Mr C M Pritchard
Director

Company Registration Number: 00408782

Pritchard Patent Product Co. Limited

Statement of Changes in Equity

Year Ended 30 April 2017

	Share capital £	Profit and loss account £	Total £
At 1 May 2016	8,675	4,216,262	4,224,937
Profit for the year	-	495,732	495,732
Other comprehensive income	-	(3,807,000)	(3,807,000)
Total comprehensive income	-	(3,311,268)	(3,311,268)
Dividends.	-	(79,200)	(79,200)
At 30 April 2017	8,675	825,794	834,469

	Share capital £	Profit and loss account £	Total £
At 1 May 2015	8,675	3,086,370	3,095,045
Profit for the year	-	64,892	64,892
Other comprehensive income	-	1,365,000	1,365,000
Total comprehensive income	-	1,429,892	1,429,892
Dividends	-	(300,000)	(300,000)
At 30 April 2016	8,675	4,216,262	4,224,937

Pritchard Patent Product Co. Limited

Notes to the Financial Statements

Year Ended 30 April 2017

1 General information

The company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office and principal place of business is:

Underleys

Beer

Seaton

Devon

EX12 3NA

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. There are no material departures from FRS 102.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Summary of disclosure exemptions

In accordance with FRS 102, the Company has not prepared a statement of cash flows or disclosed certain requirements in relation to basic financial instruments and total compensation of key management personnel as it is a qualifying entity, being a member of a group where the parent, Pritchard Patent Product Company (2001) Limited, prepares publicly available consolidated financial statements which are intended to give a true and fair view and that member is included in the consolidation.

Group accounts not prepared

The company has taken exemption from preparing group accounts as it is included in consolidated accounts for a larger group which are drawn up as full consolidated audited accounts which are filed at Companies House.

Pritchard Patent Product Co. Limited

Notes to the Financial Statements

Year Ended 30 April 2017

2 Accounting policies (continued)

Key sources of estimation uncertainty

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

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

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are the defined benefit pension scheme assumptions.

In accordance with FRS 102, as the group's representative company, the company is required to account for the group multi-employer defined benefit pension scheme. The value of the Group's defined benefit pension scheme is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases and an external actuary is used by management in determining the underlying assumptions and calculations. Due to the complexity of the valuation, the underlying assumptions and the long term nature of the scheme, management consider the interest rates of corporate bonds in the sterling with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit. The mortality rate is based on publicly available mortality tables for the specific country. Future pension increases are based on expected future inflation rates for the respective country. The carrying amount of the pension scheme liability is £(8,174,000) (2016 -£(3,537,000)).

Tangible assets are carried at cost, less accumulated depreciation and any subsequent accumulated impairment loss. This requires an estimation in the depreciation rates used as well as assessment of the ongoing economic contribution of the assets to the company as to whether an indicator of impairment has occurred. The carrying amount of the pension scheme liability is £3,102,024 (2016 -£2,970,612).

Revenue recognition

The revenue shown in the Profit and Loss Account represents the value of goods sold during the year, exclusive of Value Added Tax. Turnover is recognised when the goods are despatched to the customer.

Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

Pritchard Patent Product Co. Limited

Notes to the Financial Statements

Year Ended 30 April 2017

2 Accounting policies (continued)

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS102.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

Intangible assets

Separately acquired intangible assets are included at cost and amortised over their useful economic life. Provision is made for any impairment.

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised and classified as an asset on the balance sheet. Amortisation is charged on a straight line basis over its useful economic life up to a maximum of 10 years and is recognised in cost of sales in the profit and loss account. The 10 year maximum is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill on acquisition of businesses	10 years straight line
Website assets under construction	No amortisation charged

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Pritchard Patent Product Co. Limited

Notes to the Financial Statements

Year Ended 30 April 2017

2 Accounting policies (continued)

Depreciation

Depreciation is charged so as to write off the cost of an asset, other than assets under construction, over the useful economic life of that asset, as follows:

Asset class	Depreciation method and rate
Freehold buildings	50 years straight line
Freehold land	No depreciation charged
Fixtures and fittings	3 - 10 years straight line
Motor vehicles	2 - 4 years straight line
Assets under construction	No depreciation charged
Other property, plant and equipment	3 - 10 years straight line

Once complete, assets under construction are transferred to the relevant asset class and depreciated beginning the period after completion.

Investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials - purchase cost on a 'first in first out' basis;

Work in progress - direct costs plus attributable overheads based on normal level of activity;

Finished goods - cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Defined contribution pension obligation

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Pritchard Patent Product Co. Limited

Notes to the Financial Statements

Year Ended 30 April 2017

2 Accounting policies (continued)

Defined benefit pension obligation

The company is part of a multi employer defined benefit pension scheme and is the representative company within the group. In accordance with FRS 102 Section 28 'Employee Benefits', the service cost of the pension provision relating to the period, together with the cost of any benefits relating to past service, is charged to the profit and loss account. Net finance costs are based on the net liability of the scheme times by the discount rate and these are included in the profit and loss account under 'interest payable and similar charges'.

The difference between the market value of the assets of the scheme and the present value of the accrued pension liabilities is shown as an asset or liability on the balance sheet, the relating deferred tax is shown separately in the balance sheet. Any difference between the expected return on assets and that actually achieved is recognised in other comprehensive income along with the relating deferred tax charge/ credit.

Financial instruments

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Short term trade debtors and creditors

Such instruments are initially measured at transaction price, including transactions costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

3 Turnover

The analysis of the company's revenue for the year from continuing operations is as follows:

	2017	2016
	£	£
Sale of goods	<u>7,014,100</u>	<u>6,499,637</u>

The analysis of the company's turnover for the year by market is as follows:

	2017	2016
	£	£
UK	5,171,899	4,795,732
Europe	730,659	646,501
Rest of world	<u>1,111,542</u>	<u>1,057,404</u>
	<u>7,014,100</u>	<u>6,499,637</u>

Pritchard Patent Product Co. Limited

Notes to the Financial Statements

Year Ended 30 April 2017

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2017 £	2016 £
Rental income	<u>32,885</u>	<u>32,171</u>

5 Operating profit

Arrived at after charging/(crediting)

	2017 £	2016 £
Depreciation expense	516,037	526,911
Amortisation expense	10,380	10,380
Foreign exchange (gains)/losses	(31,705)	(31,949)
Operating lease expense	13,793	8,424
Profit on disposal of tangible assets	(13,789)	(6,558)
Impairment loss on investment in subsidiary	<u>-</u>	<u>8,065</u>

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017 £	2016 £
Wages and salaries	2,511,234	2,537,637
Social security costs	228,921	192,530
Pension costs, defined contribution scheme	42,965	38,412
Pension costs, defined benefit scheme	<u>254,396</u>	<u>349,085</u>
	<u>3,037,516</u>	<u>3,117,664</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2017 No.	2016 No.
Production	70	76
Administration and support	34	38
Sales	4	4
Other departments	<u>10</u>	<u>10</u>
	<u>118</u>	<u>128</u>

Pritchard Patent Product Co. Limited

Notes to the Financial Statements

Year Ended 30 April 2017

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017 £	2016 £
Remuneration	<u>157,934</u>	<u>133,571</u>

During the year the number of directors who were receiving benefits was as follows:

	2017 No.	2016 No.
Accruing benefits under defined benefit pension scheme	<u>3</u>	<u>3</u>

8 Auditor's remuneration

	2017 £	2016 £
Audit of the financial statements	<u>15,480</u>	<u>17,230</u>

Included in the audit of the financial statements are fees relating to the audit of the parent company accounts totalling £5,000 (2016 - £5,000).

Exemption has been taken from making certain disclosures in respect of auditor's remuneration. The disclosure is made on a consolidated basis in the accounts of the parent company, Pritchard Patent Product Company (2001) Limited.

9 Other interest receivable and similar income

	2017 £	2016 £
Interest income on bank deposits	31,142	15,336
Other finance income	<u>4,105</u>	<u>3,382</u>
	<u>35,247</u>	<u>18,718</u>

10 Interest payable and similar expenses

	2017 £	2016 £
Other interest payable	10	272
Other finance costs - defined benefit pension scheme	<u>129,000</u>	<u>164,000</u>
	<u>129,010</u>	<u>164,272</u>

Pritchard Patent Product Co. Limited

Notes to the Financial Statements

Year Ended 30 April 2017

11 Taxation

Tax charged/(credited) in the profit and loss account

	2017 £	2016 £
Current taxation		
UK corporation tax	153,500	62,000
UK corporation tax adjustment to prior periods	<u>(7,261)</u>	<u>253</u>
	146,239	62,253
Deferred taxation		
Arising from origination and reversal of timing differences	<u>33,000</u>	<u>81,000</u>
Tax expense in the income statement	<u>179,239</u>	<u>143,253</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2016 - the same as the standard rate of corporation tax in the UK) of 19.92% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Profit before tax	<u>674,971</u>	<u>208,145</u>
Corporation tax at standard rate	134,439	41,629
Expenses not deductible for tax purposes	27,946	40,689
Adjustments to deferred tax in respect of changes in tax rates	(7,090)	(11,667)
Adjustments to deferred tax charge in respect of previous periods	7,462	(1,327)
Adjustments to current tax charge in respect of previous periods	(7,261)	(253)
Group relief claimed	-	(1,818)
Movement in deferred tax on defined benefit pension scheme	27,000	76,000
Research and development tax credit claimed	<u>(3,257)</u>	<u>-</u>
Total tax charge	<u>179,239</u>	<u>143,253</u>

Pritchard Patent Product Co. Limited

Notes to the Financial Statements

Year Ended 30 April 2017

11 Taxation (continued)

Deferred tax

Deferred tax assets and liabilities

	Asset £	Liability £
2017		
Accelerated capital allowances	-	112,000
Pension contributions creditor	1,000	-
On defined benefit pension scheme liability	1,390,000	-
	<u>1,391,000</u>	<u>112,000</u>

	Asset £	Liability £
2016		
Accelerated capital allowances	-	109,000
Pension contributions creditor	4,000	-
On defined benefit pension scheme liability	637,000	-
	<u>641,000</u>	<u>109,000</u>

12 Intangible assets

	Goodwill £	Website assets under construction £	Total £
Cost or valuation			
At 1 May 2016	207,600	2,235	209,835
Additions acquired separately	<u>-</u>	<u>9,165</u>	<u>9,165</u>
At 30 April 2017	<u>207,600</u>	<u>11,400</u>	<u>219,000</u>
Amortisation			
At 1 May 2016	176,460	-	176,460
Amortisation charge	<u>10,380</u>	<u>-</u>	<u>10,380</u>
At 30 April 2017	<u>186,840</u>	<u>-</u>	<u>186,840</u>
Carrying amount			
At 30 April 2017	<u>20,760</u>	<u>11,400</u>	<u>32,160</u>
At 30 April 2016	<u>31,140</u>	<u>2,235</u>	<u>33,375</u>

Pritchard Patent Product Co. Limited

Notes to the Financial Statements

Year Ended 30 April 2017

13 Tangible assets

	Freehold land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Assets under construction £	Other property, plant and equipment £	Total £
Cost or valuation						
At 1 May 2016	2,241,924	1,222,932	212,197	227,223	6,562,315	10,466,591
Additions	-	70,662	37,268	340,126	205,771	653,827
Disposals	-	(920)	(45,112)	-	(36,954)	(82,986)
Transfers	-	37,263	-	(321,738)	284,475	-
At 30 April 2017	<u>2,241,924</u>	<u>1,329,937</u>	<u>204,353</u>	<u>245,611</u>	<u>7,015,607</u>	<u>11,037,432</u>
Depreciation						
At 1 May 2016	790,352	912,085	129,296	-	5,664,246	7,495,979
Charge for the year	42,854	74,816	50,913	-	347,454	516,037
Eliminated on disposal	-	(775)	(45,112)	-	(30,721)	(76,608)
At 30 April 2017	<u>833,206</u>	<u>986,126</u>	<u>135,097</u>	<u>-</u>	<u>5,980,979</u>	<u>7,935,408</u>
Carrying amount						
At 30 April 2017	<u>1,408,718</u>	<u>343,811</u>	<u>69,256</u>	<u>245,611</u>	<u>1,034,628</u>	<u>3,102,024</u>
At 30 April 2016	<u>1,451,572</u>	<u>310,847</u>	<u>82,901</u>	<u>227,223</u>	<u>898,069</u>	<u>2,970,612</u>

Pritchard Patent Product Co. Limited

Notes to the Financial Statements

Year Ended 30 April 2017

14 Investments in subsidiaries

Subsidiaries	£
Cost or valuation	
At 1 May 2016	<u>15,001</u>
Carrying amount	
At 30 April 2017	<u>15,001</u>
At 30 April 2016	<u>15,001</u>

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2017	2016
Subsidiary undertakings				
Ratio Plastics Models Limited	England and Wales	Ordinary and Preference	100%	100%
Sycon Limited	England and Wales	Ordinary	100%	100%

The principal activity of Ratio Plastics Models Limited is that of a dormant company.

The principal activity of Sycon Limited is that of a dormant company.

The profit for the financial period of Ratio Plastics Models Limited was £- and the aggregate amount of capital and reserves at the end of the period was £15,000.

The profit for the financial period of Sycon Limited was £- and the aggregate amount of capital and reserves at the end of the period was £600.

Pritchard Patent Product Co. Limited

Notes to the Financial Statements

Year Ended 30 April 2017

15 Other financial assets

	Financial assets at cost less impairment £	Total £
Non-current financial assets		
Cost or valuation		
At 1 May 2016	<u>100</u>	<u>100</u>
At 30 April 2017	<u>100</u>	<u>100</u>
Carrying amount		
At 30 April 2017	<u><u>100</u></u>	<u><u>100</u></u>

Non-current financial assets consist of unlisted investments.

16 Stocks

	2017 £	2016 £
Raw materials and consumables	1,569,051	1,490,016
Work in progress	70,451	74,544
Finished goods and goods for resale	<u>694,348</u>	<u>836,550</u>
	<u><u>2,333,850</u></u>	<u><u>2,401,110</u></u>

The cost of stocks recognised as an expense in the year amounted to £1,784,127 (2016 - £1,612,861).

Pritchard Patent Product Co. Limited

Notes to the Financial Statements

Year Ended 30 April 2017

17 Debtors

	2017 £	2016 £
Trade debtors	444,227	389,833
Other debtors	1,415,823	657,881
Prepayments	126,178	121,757
Corporation tax	-	43,000
	<u>1,986,228</u>	<u>1,212,471</u>
Less non-current portion	<u>(1,408,766)</u>	<u>(655,313)</u>
Total current trade and other debtors	<u>577,462</u>	<u>557,158</u>

Details of trade and other debtors

£1,408,766 (2016 - £655,313) of Other debtors is classified as non current. £1,390,000 (2016 -£637,000) of this balance relates to deferred tax arising upon the defined benefit pension scheme.

18 Cash and cash equivalents

	2017 £	2016 £
Cash on hand	321	387
Cash at bank	<u>2,960,658</u>	<u>2,269,504</u>
	<u>2,960,979</u>	<u>2,269,891</u>

19 Creditors

	2017 £	2016 £
Due within one year		
Trade creditors	111,836	69,078
Amounts due to group undertakings	667,261	630,781
Corporation tax	153,500	-
Social security and other taxes	222,448	141,586
Outstanding defined contribution pension costs	8,231	8,082
Other creditors	89,556	110,616
Accrued expenses	<u>58,041</u>	<u>75,480</u>
	<u>1,310,873</u>	<u>1,035,623</u>

Pritchard Patent Product Co. Limited

Notes to the Financial Statements

Year Ended 30 April 2017

20 Obligations under leases

Operating leases

The total of future minimum lease payments is as follows:

	2017	2016
	£	£
Not later than one year	15,253	11,905
Later than one year and not later than five years	<u>20,302</u>	<u>18,149</u>
	<u><u>35,555</u></u>	<u><u>30,054</u></u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £13,793 (2016 - £8,424).

21 Deferred tax

	Deferred tax
	£
At 1 May 2016	105,000
Increase in existing provisions	<u>6,000</u>
At 30 April 2017	<u><u>111,000</u></u>

22 Pension schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £42,965 (2016 - £38,412).

Contributions totalling £8,231 (2016 - £8,082) were payable to the scheme at the end of the year and are included in creditors.

Pritchard Patent Product Co. Limited

Notes to the Financial Statements

Year Ended 30 April 2017

22 Pension schemes (continued)

Defined benefit pension schemes

Pritchard Patent Product Company Limited Pension Fund

The company is the representative company of a group multi employer final salary defined benefit pension scheme in the UK called the Pritchard Patent Product Company Limited Pension Fund ("the Scheme").

During the year the company contributed 13.3% of Total Pensionable Salaries plus £9,300 each month to the Scheme (2016 - From 1 May 2015 to 31 July 2015 contributed 13% of Total Pensionable Salaries plus £16,300, the remainder in line with current year).

Contributions paid into the pension scheme during the year totalled £422,000 (2016 - £466,000) for the group. The contributions made by the company into the scheme were £344,396 (2016 - £399,600).

The total group contributions in the next year are expected to be 13.3% of pensionable earnings plus £9,300 each month to the Scheme.

The date of the most recent comprehensive actuarial valuation was 01 May 2014. This has been updated to 30 April 2017 by a qualified independent actuary.

The total cost relating to the defined benefit scheme for the year recognised in the company profit and loss as an expense was £383,396 (2016 - £513,085).

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	2017 £	2016 £
Fair value of scheme assets	12,242,000	10,440,000
Present value of defined benefit obligation	<u>(20,416,000)</u>	<u>(13,977,000)</u>
Defined benefit pension scheme deficit	<u>(8,174,000)</u>	<u>(3,537,000)</u>

Pritchard Patent Product Co. Limited

Notes to the Financial Statements

Year Ended 30 April 2017

22 Pension schemes (continued)

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2017 £
Present value at start of year	13,977,000
Current service cost	332,000
Interest cost	534,000
Actuarial gains and losses	5,556,000
Benefits paid	(154,000)
Contributions by scheme participants	171,000
Present value at end of year	<u>20,416,000</u>

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2017 £
Fair value at start of year	10,440,000
Interest income	405,000
Return on plan assets, excluding amounts included in interest income/(expense)	969,000
Employer contributions	422,000
Contributions by scheme participants	171,000
Benefits paid	(154,000)
Administration fee paid from Scheme assets	(11,000)
Fair value at end of year	<u>12,242,000</u>

Analysis of assets

The major categories of scheme assets are as follows:

	2017 %	2016 %
Cash and cash equivalents	1.60	0.40
Equity instruments	33.10	35.20
Debt instruments - Bonds	19.30	17.10
Property	3.40	5.20
Unitised With-Profit policy	22.70	24.60
Other	19.90	17.50
	<u>100.00</u>	<u>100.00</u>

Pritchard Patent Product Co. Limited

Notes to the Financial Statements

Year Ended 30 April 2017

22 Pension schemes (continued)

Return on scheme assets

	2017 £	2016 £
Return on scheme assets	<u>1,374,000</u>	<u>135,000</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

	2017 %	2016 %
Discount rate	2.60	3.80
Future salary increases	2.75	2.75
Inflation	3.50	3.10
Pension revaluation in deferment - CPI, max 5%	2.70	2.30
Pension revaluation in deferment - CPI, max 2.5%	2.50	2.30
Future pension increases - RPI, max 5%, min 3%	3.50	3.10
Future pension increases - CPI, max 5%, min 3%	<u>3.10</u>	<u>3.00</u>

Post retirement mortality assumptions

	2017 Years	2016 Years
Current UK pensioners at retirement age - male	23	23
Current UK pensioners at retirement age - female	25	25
Future UK pensioners at retirement age - male	24	24
Future UK pensioners at retirement age - female	<u>27</u>	<u>27</u>

Pritchard Patent Product Co. Limited

Notes to the Financial Statements

Year Ended 30 April 2017

23 Share capital

Allotted, called up and fully paid shares

	No.	2017 £	No.	2016 £
8,675 Ordinary shares of £1 each	<u>8,675</u>	<u>8,675</u>	<u>8,675</u>	<u>8,675</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The ordinary shares each have one voting right and rank equally in the declaration of dividends and the winding up of the company.

24 Dividends

	2017 £	2016 £
Interim dividend of £9.13 (2016 - £34.58) per ordinary share	<u>79,200</u>	<u>300,000</u>

25 Commitments

Other financial commitments

At the year end the company was committed to purchasing metals with a total cost of €214,200 (2016 - €284,800) and a machine with an outstanding cost of £15,594 (2016 - £nil).

26 Non adjusting events after the financial period

On 19 September 2017 the company acquired an investment property for £420,000.

Pritchard Patent Product Co. Limited

Notes to the Financial Statements

Year Ended 30 April 2017

27 Related party transactions

The company has taken advantage of the exemption in FRS102 from disclosing transactions with other members of the group.

Transactions with directors

During the year the company made an advance to a director of £5,500 (2016 - £nil) and charged interest on this advance of £19 (2016 - £nil). The director repaid £700 (2016 - £nil) during the year. At the balance sheet date the amount due from the director was £4,819 (2016 - £nil).

Summary of transactions with entities with joint control or significant interest

Company of which a director's wife is a shareholder/director

During the year, the company made purchases of £2,235 (2016 - £2,235) in respect of website design services from the connected company. The transaction was undertaken on an arms length basis.

28 Parent and ultimate parent undertaking

The company's immediate and ultimate parent is Pritchard Patent Product Company (2001) Limited, incorporated in England and Wales.

The most senior parent entity producing publicly available financial statements is Pritchard Patent Product Company (2001) Limited. These financial statements are available upon request from Companies House.