

MAJ Hi-Spec Limited

**Directors' report and financial
statements**

Registered number 00416169

31 December 2015



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Company information

Director

G C Ashton (resigned 3 August 2015)
M M Ashton (resigned 3 August 2015)
B R Thomas (resigned 3 August 2015)
N C M Brown (appointed 3 August 2015)
H V Brown (appointed 3 August 2015)

Company number 00416169

Registered office

Boundary Works
Bagley Lane
Radley
Leeds
LS13 1JB

Accountants

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Directors' Report

The directors present their report and financial statements for the 17 month period ended 31 December 2015.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Directors

The directors who served during the period were:

B R Thomas (resigned 3 August 2015)
G C Ashton (resigned 3 August 2015)
M M Ashton (resigned 3 August 2015)
NCM Brown (appointed 3 August 2015)
HV Brown (appointed 3 August 2015)

Dividends

The directors have proposed a final ordinary dividend in respect of the 17 month financial period of £258,000 (2014: £197,000). This has not been included within creditors as it was not approved before the year end.

Dividends paid in the period comprise an interim dividend of £72,000 (2014: £nil).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

KPMG LLP were appointed as auditor during the period. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

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



NCM Brown

Director

Date: 29/1/16

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 judgments 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; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
United Kingdom

Independent auditor's report to the members of MAJ Hi-Spec Limited

We have audited the financial statements of MAJ Hi-Spec Limited for the 17 month period ended 31 December 2015 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 set out on page 3, 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

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

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of MAJ Hi-Spec Limited (continued)

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

KL'Estrange

Katharine L'Estrange (Senior Statutory Auditor)

For and on behalf of

KPMG LLP

Statutory Auditor

Chartered Accountants

1 Sovereign Square

Sovereign Street

Leeds

LS1 4DA

30 September 2016

Profit and Loss Account and Other Comprehensive Income
for the 17 month period ended 31 December 2015

	<i>Note</i>	17 month period ended 31 December 2015	Year ended 31 July 2014
		£	£
Turnover		2,260,052	1,851,514
Cost of sales		(1,417,060)	(1,162,695)
Gross profit		842,992	688,819
Distribution costs		(81,264)	(62,909)
Administrative expenses		(440,121)	(278,425)
Other operating income	2	-	1,666
Operating Profit	3	321,607	349,151
Interest payable and similar charges		(7,375)	(5,400)
Profit on ordinary activities before taxation		314,232	343,751
Tax on profit on ordinary activities	6	(60,386)	(72,617)
Profit for the financial year		253,846	271,134
Retained earnings at 1 August		578,575	504,441
Profit for the financial year		253,846	271,134
Dividends		(72,000)	(197,000)
Retained earnings at 31 December 2015 and 31 July 2014		760,421	578,575

The notes on pages 9 to 17 form an integral part of these financial statements

There was no other comprehensive income for 2015 or 2014 other than that included in the profit and loss account.

Balance sheet
at 31 December 2015

	<i>Note</i>	31 December 2015	31 July 2014
		£	£
Fixed assets			
Tangible assets	7	99,607	107,919
Current assets			
Stocks	8	116,497	155,440
Debtors	9	834,198	556,471
Cash at bank and in hand		103,227	37,304
		<u>1,053,922</u>	<u>749,215</u>
Creditors: amounts falling due within one year	10	<u>(376,835)</u>	<u>(259,059)</u>
Net current assets		<u>677,087</u>	<u>490,156</u>
Total assets less current liabilities		<u>776,694</u>	<u>598,075</u>
Provisions for liabilities	11	<u>(14,773)</u>	<u>(18,000)</u>
Net assets		<u>761,921</u>	<u>580,075</u>
Capital and reserves			
Called up share capital	12	1,500	1,500
Profit and loss account		760,421	578,575
Shareholders' funds		<u>761,921</u>	<u>580,075</u>

These financial statements were approved by the board on 29/9/2016 and were signed on its behalf by:

The notes on pages 9 to 17 form an integral part of these financial statements



NCM Brown
Director

Registration number 00416169

Statement of Changes in Equity
at 31 December 2015

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 July 2013	1,500	504,441	505,941
Total comprehensive income for the period			
Profit or loss	-	271,134	271,134
Dividends	-	(197,000)	(197,000)
Balance at 31 July 2014	1,500	578,575	580,075
Total comprehensive income for the period			
Profit or loss	-	253,846	253,846
Dividends	-	(72,000)	(72,000)
Total comprehensive income for the period	-	181,846	181,846
Balance at 31 December 2015	1,500	760,421	761,921

Notes

(forming part of the financial statements)

1 Accounting policies

MAJ Hi-Spec Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. These company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling.

In the transition to FRS 102 from old UK GAAP, the Group has made no measurement and recognition adjustments.

The Company's ultimate parent undertaking, The Bright Screw Company Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of The Bright Screw Company Limited are available to the public and may be obtained from Companies House, Cardiff, CF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Going concern

Taking into account current and anticipated trading performance and the availability of borrowing facilities for the Bright Screw Group, of which the Company is a member, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

1.2 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.3 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold properties	18% straight line
Short term leasehold properties	over the period of the lease
Plant and machinery	6.66% - 20% straight line

1.6 Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.8 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.9 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Notes (continued)

1 Accounting policies (continued)

1.10 Turnover

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

Revenue is recognised when the plating process is completed and the goods are ready for delivery to the client.

All revenue is generated within the UK.

1.11 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

1.12 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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.

2 Other operating income

	17 month period ended 31 December 2015	Year ended 31 July 2014
	£	£
Government grants receivable	-	1,666

Notes (continued)

3 Operating profit

The operating profit is stated after charging:

	17 month period ended 31 December 2015 £	Year ended 31 July 2014 £
Depreciation of tangible fixed assets		
Owned by the company	23,179	22,342
Auditors' remuneration	8,366	4,000
Taxation compliance services	2,000	-
Pension costs	22,973	17,135

4 Directors' remuneration

	17 month period ended 31 December 2015 £	Year ended 31 July 2014 £
Aggregate remuneration	142,598	89,851

During the year retirement benefits were accruing to 2 directors (2014: 2) in respect of contribution pension schemes.

5 Staff numbers and costs

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

	Number of employees 2015	2014
Production	22	22
Administrative	2	2
	<u>24</u>	<u>24</u>

The aggregate payroll costs of these persons were as follows:

	2015 £	2014 £
Wages and salaries	664,013	484,772
National Insurance	19,709	17,192
Other pension costs	22,973	17,135
	<u>706,695</u>	<u>519,098</u>

Notes (continued)

6 Taxation

	17 month period ended 31 December 2015 £	Year ended 31 July 2014 £
<i>Analysis of tax charge in the period</i>		
UK corporation tax charge on profit for the period	63,613	76,500
Adjustments in respect of prior periods	-	117
Total current tax	63,613	76,617
Deferred tax (see note 11)		
Origination and reversal of timing differences	(604)	(4,000)
Effect of tax rate change on opening balance	(2,623)	-
Total deferred tax credit	(3,227)	(4,000)
Tax on profit on ordinary activities	60,386	72,617

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014: higher than) the standard rate of corporation tax in the UK of 20% (2014: 21%). The differences are explained below:

	17 month period ended 31 December 2015 £	Year ended 31 July 2014 £
Profit on ordinary activities before tax	314,232	343,751
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014: 21%)	62,847	72,188
Effects of:		
Expenses not deductible for tax purposes	162	152
Adjustments to tax charge in respect of prior periods	-	117
Effect of a change in rate of taxes	(2,623)	2,483
Marginal relief	-	(2,323)
Total tax charge for the year (see note above)	60,386	72,617

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and to 20% (effective 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly. Deferred tax has been calculated using a tax rate of 18%.

Notes (continued)

7 Tangible fixed assets

	Land and Buildings £	Fixtures, Fittings & Equipment £	Motor vehicles £	Total £
Cost				
Balance at 1 August 2014	2,073	25,000	1,347,734	1,374,807
Additions	-	-	14,867	14,867
	<u>2,073</u>	<u>25,000</u>	<u>1,362,601</u>	<u>1,389,674</u>
Balance at 31 December 2015	2,073	25,000	1,362,601	1,389,674
Depreciation and impairment				
Balance at 1 August 2014	2,073	25,000	1,239,815	1,266,888
Depreciation charge for the year	-	-	23,179	23,179
	<u>2,073</u>	<u>25,000</u>	<u>1,262,994</u>	<u>1,290,067</u>
Balance at 31 December 2015	2,073	25,000	1,262,994	1,290,067
Net book value				
At 31 July 2014	-	-	107,919	107,919
	<u>-</u>	<u>-</u>	<u>107,919</u>	<u>107,919</u>
At 31 December 2015	-	-	99,607	99,607
	<u>-</u>	<u>-</u>	<u>99,607</u>	<u>99,607</u>

Notes (continued)

8 Stocks

	31 December 2015 £	31 July 2014 £
Stocks	116,497	155,440

9 Debtors

	31 December 2015 £	31 July 2014 £
Trade debtors	350,796	365,320
Other debtors	19,261	191,151
Amounts owed by group undertakings	464,141	-
	<u>834,198</u>	<u>556,471</u>

Amounts owed by group undertakings are unsecured, have not fixed date of repayment and are repayable on demand.

10 Creditors: amounts falling due within one year

	31 December 2015 £	31 July 2014 £
Trade creditors	64,288	97,922
Amounts owed to group undertakings	190,371	5,440
Corporation tax	64,749	76,500
Other taxation and social security	34,129	56,340
Other creditors	23,298	22,857
	<u>376,835</u>	<u>259,059</u>

Amounts owed to group undertakings are unsecured, have not fixed date of repayment and are repayable on demand.

11 Provisions for liabilities

	31 December 2015 £	31 July 2014 £
Deferred taxation:		
At beginning of year	18,000	22,000
Charged to profit and loss	(3,227)	(4,000)
	<u>14,773</u>	<u>18,000</u>

All of the above provision for deferred tax has arisen as a result of accelerated capital allowances.

Notes (continued)

12 Called up share capital

	31 December 2015 £	31 July 2014 £
<i>Allotted, called up and fully paid</i>		
100 Ordinary shares of £1 each	100	100
9,900 non-voting shares of £1 each	9,900	9,900
	<u>10,000</u>	<u>10,000</u>
<i>Equity shares</i>		
1,500 ordinary shares of £1 each	1,500	1,500
	<u>1,500</u>	<u>1,500</u>

The ordinary shares and non-voting shares rank *pari passu* in all respects save that a holder of a non-voting share shall not by reason of his holding be entitled to vote at any general meetings of the company.

On 7 February 2013, two directors and seven senior members of staff were granted an option under the Enterprise Management Incentives Scheme to acquire a total of 370 non-voting shares.

13 Pension Commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £16,204 (2014 - £17,135).

14 Operating Lease commitments

Non-cancellable operating lease rentals are payable as follows:

	31 December 2015 £	31 July 2014 £
Less than one year	-	-
Between one and five years	-	-
More than five years	11,495	11,495
	<u>11,495</u>	<u>11,495</u>

15 Related party transactions

The company operates from land and buildings owned by MAJ Holdings Limited. During the year rent of £22,000 (2014 - £24,000) was paid to MAJ Holdings Limited under a formal lease agreement at arm's length.

Included in creditors, amounts due within one year, is an amount of £190,371 (2014 - £5,440) due to MAJ Holdings Limited. The balance is interest free and repayable on demand.

Notes (continued)

16 Controlling interest

During the current and previous year, the company's ultimate parent undertaking was MAJ Holdings Limited, a company registered in England and Wales and incorporated in Great Britain.

MAJ Holdings Limited was under the control of G C Ashton.

On 3 August 2015, The Bright Screw Company Limited acquired 100% of the share capital of MAJ Holdings Limited. The Bright Screw Company Limited is registered in England and Wales and is under the control of N C M Brown.

The financial statements of MAJ Holdings Limited and The Bright Screw Company Limited are available to the public and may be obtained from Companies House, Cardiff, CF14 3UZ.

17 Explanation of transition to FRS 102 from UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31st December and the comparative information presented in these financial statements for the year ended 31st December 2014.

The previous financial statements were prepared under UK GAAP for the year ended 31 December 2014 and as such the date of transition was 1 January 2013.

In the transition to FRS 102 from UK GAAP, no measurement and recognition adjustments have been made.