

Company registration number: 00498430

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED

31 DECEMBER 2018

**TRANSFORMERS &
RECTIFIERS LIMITED**



MENZIES
BRIGHTER THINKING

TRANSFORMERS & RECTIFIERS LIMITED

COMPANY INFORMATION

Directors	N W A McNamara R G McNamara
Registered number	00498430
Registered office	15-16 Woodbridge Meadows Guildford Surrey GU1 1BJ
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor Ashcombe House 5 The Crescent Leatherhead Surrey KT22 8DY

TRANSFORMERS & RECTIFIERS LIMITED

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TRANSFORMERS & RECTIFIERS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Principal activity

The principal activity of the Company during the period was the manufacture and supply of transformers and rectifiers.

Business review

Turnover for the year ended 31 December 2018 was £7,079,088 compared with £5,637,744 for the 9 month period ended 31 December 2017.

Reflecting the cyclical nature of the business, if turnover last year is pro-rated for a 12 month period, this means that like for like turnover has decreased by 6.2% from approximately £7.5m (12 months) to approximately £7.1m annually.

The directors are pleased with the turnover achieved given the difficult trading conditions and this has led to profit on ordinary activities before tax achieved for the period being £656,187 for the 12 month period, Compared with £684,050 for the previous 9 month period.

The Company has more than adequate financial resources to take advantage of any business opportunities that arise. The balance sheet discloses a strong financial position as at 31 December 2018 with cash reserves of £957,674. Net assets have increased to £4,753,528 in December 2018 from £4,207,043 in December 2017.

Principal risks and uncertainties

The main risk to the Company continues to be the potential for an economic downturn resulting in a reduction in the acquisition of transformers and rectifiers in the UK. The source of such risk is primarily political uncertainty particularly in relation to the impact of Brexit. Additional risks include currency fluctuations making imports more competitive and exports less competitive and this has certainly had an impact through 2018.

While it is extremely difficult to mitigate against political uncertainty, we have actively engaged in the pursuit of new markets for our products, in different market sectors and in different geographical territories, to mitigate the market uncertainties. In addition, we have looked at exporting our products to, and importing raw materials from, other countries to maximise any potential gains and minimise any potential losses due to currency fluctuations and due to potential difficulties in accessing certain markets.

The Company has no loans or other financial commitments in place to finance its operations. Therefore, it is considered that the Company's exposure to risk in terms of credit, liquidity, interest rates and cash flow is not material to the financial statements.

Financial key performance indicators

	31 December 2018 £	31 December 2017 £
Gross profit percentage	30.26%	30.94%
Current ratio	3.59:1	3.15:1

The slight decrease in gross profit percentage is due primarily to an increase in direct labour costs.

The increase in current ratio is due primarily to an increase in asset base due to improved trading conditions and in advance of expected stronger activity in 2019.

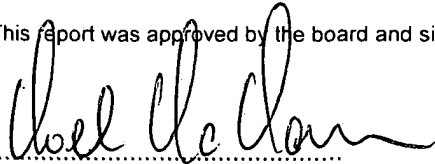
Future developments

Product development continues to be a focus for the Company and financial and human resource continues to be applied thereto. The new products are being developed to address substantial market opportunities in the UK, as an alternative to imports, and indeed in international markets as well which we have been active in.

TRANSFORMERS & RECTIFIERS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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



N W A McNamara
Company Secretary

Date:

4/9/19

TRANSFORMERS & RECTIFIERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Results and dividends

The profit for the year, after taxation, amounted to £546,485 (2017 - £567,848).

The directors have not recommended a dividend. (2017 - £2,557,817)

Directors

The directors who served during the year were:

N W A McNamara
R G McNamara

Disclosure of information in the Strategic report

In accordance with section 414C (11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the company's strategic information is included within a separate report on page 1 of the financial statements.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

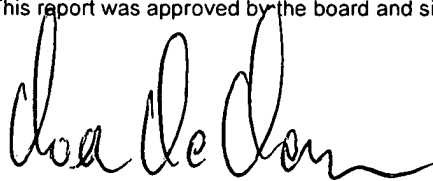
TRANSFORMERS & RECTIFIERS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Auditors

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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



.....
NWA McNamara

Director

Date: 4/9/19

15-16 Woodbridge Meadows
Guildford
Surrey
GU1 1BJ

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
TRANSFORMERS & RECTIFIERS LIMITED**

Opinion

We have audited the financial statements of Transformers & Rectifiers Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 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.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
TRANSFORMERS & RECTIFIERS LIMITED (CONTINUED)**

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
TRANSFORMERS & RECTIFIERS LIMITED (CONTINUED)**

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.



Caroline Milton FCA (Senior Statutory Auditor)
for and on behalf of

Menzies LLP

Chartered Accountants & Statutory Auditor

Ashcombe House

5 The Crescent

Leatherhead

Surrey

KT22 8DY

Date:

18 Sep 19

TRANSFORMERS & RECTIFIERS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Turnover	4	7,079,088	5,637,744
Cost of sales		(4,936,619)	(3,893,701)
Gross profit		2,142,469	1,744,043
Administrative expenses		(1,583,313)	(1,133,221)
Other operating income	5	96,000	72,818
Operating profit	6	655,156	683,640
Interest receivable and similar income		1,031	410
Profit before tax		656,187	684,050
Tax on profit	10	(109,702)	(116,202)
Profit after tax		546,485	567,848
Retained earnings at the beginning of the year		3,207,043	5,197,012
		3,207,043	5,197,012
Profit for the year		546,485	567,848
Dividends declared and paid		-	(2,557,817)
Retained earnings at the end of the year		3,753,528	3,207,043

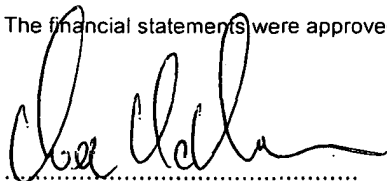
The notes on pages 10 to 21 form part of these financial statements.

TRANSFORMERS & RECTIFIERS LIMITED
REGISTERED NUMBER:00498430

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	12	1,242,212	1,180,259
		<u>1,242,212</u>	<u>1,180,259</u>
Current assets			
Stocks	13	1,802,123	1,379,161
Debtors: amounts falling due within one year	14	2,139,905	1,564,133
Cash at bank and in hand		957,674	1,494,856
		<u>4,899,702</u>	<u>4,438,150</u>
Creditors: amounts falling due within one year	15	(1,364,386)	(1,410,287)
Net current assets		<u>3,535,316</u>	<u>3,027,863</u>
Total assets less current liabilities		<u>4,777,528</u>	<u>4,208,122</u>
Provisions for liabilities			
Deferred tax	16	(24,000)	(1,079)
		<u>(24,000)</u>	<u>(1,079)</u>
Net assets		<u>4,753,528</u>	<u>4,207,043</u>
Capital and reserves			
Called up share capital	17	1,000,000	1,000,000
Profit and loss account	18	3,753,528	3,207,043
		<u>4,753,528</u>	<u>4,207,043</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



NWA McNamara
 Director

Date:

4/9/19

The notes on pages 10 to 21 form part of these financial statements.

TRANSFORMERS & RECTIFIERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Transformers & Rectifiers Limited is a private company limited by shares incorporated in England and Wales. The address of the registered office is disclosed on the company information page.

During the prior period, the year end was changed to 31 December in order to align the company's reporting date with that of its ultimate parent company. This resulted in a 9 month period and therefore the current and prior period figures are not directly comparable to those for the year ended 31 December 2018.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The presentational currency used in this set of financial statements was GBP, rounded to the nearest £1.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Cranwell Investments Limited as at 31 December 2018 and these financial statements may be obtained from Fermoy Industrial Estate, Fermoy, Co Cork, Ireland.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue is recognised at the point that the risks and rewards of ownership for the goods transfer to the customer, which is usually when goods are dispatched.

TRANSFORMERS & RECTIFIERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.4 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Long-term leasehold property	- over the remaining life of the lease
Plant & equipment, fixtures & fittings	- 12.50% on cost
Motor vehicles	- 25.00% on cost
Computer equipment (included in plant and equipment above)	- 33.33% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.5 Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

2.6 Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate.

Long term contracts are assessed on a contract by contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract, the business and the industry in which it operates.

Where it is considered that the outcome of a long-term contract can be assessed with reasonable certainty before its conclusion, the prudently calculated attributable profit should be recognised in the profit and loss account as a difference between the reported turnover and related costs for that contract.

TRANSFORMERS & RECTIFIERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.9 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

2.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.11 Defined contribution plans

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.

The contributions are recognised as an expense in the Profit and Loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

TRANSFORMERS & RECTIFIERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income 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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.13 Research and development

Research and development expenses are written off to the income statement in the period to which they relate.

TRANSFORMERS & RECTIFIERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The company did not make any significant judgements (apart from those involving estimations which are detailed below) that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Management use estimation to calculate work in progress by applying an overhead mark up on the work in progress material cost. This is based on direct wages, salaries and other administrative costs, and these are estimated to be a proportion that have been deemed to relate directly to the production of stock.

A warranty provision is included in the financial statements, of which there is uncertainty over the exact amount of future costs incurred. The provision has been calculated by estimating the number of faulty units previously supplied that will be repaired following the year end date. The price for each repair is estimated using the cost incurred on previous warranty repair claims.

4. Turnover

The whole of the turnover is attributable to the one principal activity of the company. That business activity is the sale of transformers and rectifiers.

Analysis of turnover by country of destination:

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
United Kingdom	6,059,787	5,113,470
Rest of the world	1,019,300	524,274
	<u>7,079,087</u>	<u>5,637,744</u>

TRANSFORMERS & RECTIFIERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

5. Other operating income

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Service charge receivable	96,000	72,818
	<u>96,000</u>	<u>72,818</u>

6. Operating profit

The operating profit or loss is stated after charging:

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Research & development charged as an expense	-	1,039
Depreciation of tangible fixed assets	56,997	41,952
Other operating lease rentals	10,921	8,375
	<u> </u>	<u> </u>

7. Auditors' remuneration

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	8,045	7,770
	<u> </u>	<u> </u>

TRANSFORMERS & RECTIFIERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Wages and salaries	2,027,846	1,383,596
Social security costs	191,955	127,749
Cost of defined contribution scheme	55,331	16,629
	<u>2,275,132</u>	<u>1,527,974</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Year ended 31 December 2018 No.	9 months ended 31 December 2017 No.
Production staff	57	50
Administrative staff	23	21
	<u>80</u>	<u>71</u>

9. Directors' remuneration

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Directors' emoluments	63,000	-
Company contributions to defined contribution pension schemes	1,612	-
	<u>64,612</u>	<u>-</u>

In the prior period, remuneration was paid to the company's directors by its ultimate parent company.

TRANSFORMERS & RECTIFIERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

10. Taxation

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Corporation tax		
Current tax on profits for the year	107,424	115,019
Adjustments in respect of previous periods	(20,643)	(3,573)
	<u>86,781</u>	<u>111,446</u>
Total current tax	<u>86,781</u>	<u>111,446</u>
Deferred tax		
Origination and reversal of timing differences	22,921	4,756
Total deferred tax	<u>22,921</u>	<u>4,756</u>
Taxation on profit on ordinary activities	<u>109,702</u>	<u>116,202</u>

Reconciliation of tax expense

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19%). The differences are explained below:

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Profit on ordinary activities before tax	<u>656,187</u>	<u>684,050</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	124,676	129,970
Effects of:		
Expenses not deductible for tax purposes	301	303
Effect of capital allowances and depreciation	7,965	(257)
Adjustments to tax charge in respect of prior periods	(20,642)	(3,574)
Changes in provisions leading to an increase (decrease) in the tax charge	1,102	-
Group relief	(3,700)	(10,240)
Total tax charge for the year/period	<u>109,702</u>	<u>116,202</u>

TRANSFORMERS & RECTIFIERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

11. Intangible assets

	Goodwill £
Cost	
At 1 January 2018	450,000
At 31 December 2018	<u>450,000</u>
Amortisation	
At 1 January 2018	450,000
At 31 December 2018	<u>450,000</u>
Net book value	
At 31 December 2018	<u>-</u>
At 31 December 2017	<u>-</u>

12. Tangible fixed assets

	Long-term leasehold property £	Plant & equipment, fixtures & fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2018	1,050,988	1,333,525	117,189	2,501,702
Additions	-	118,950	-	118,950
At 31 December 2018	<u>1,050,988</u>	<u>1,452,475</u>	<u>117,189</u>	<u>2,620,652</u>
Depreciation				
At 1 January 2018	23,141	1,185,591	112,711	1,321,443
Charge for the year	11,571	43,844	1,582	56,997
At 31 December 2018	<u>34,712</u>	<u>1,229,435</u>	<u>114,293</u>	<u>1,378,440</u>
Net book value				
At 31 December 2018	<u>1,016,276</u>	<u>223,040</u>	<u>2,896</u>	<u>1,242,212</u>
At 31 December 2017	<u>1,027,847</u>	<u>147,934</u>	<u>4,478</u>	<u>1,180,259</u>

TRANSFORMERS & RECTIFIERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

13. Stocks

	2018 £	2017 £
Raw materials	640,843	797,991
Work in progress	635,351	196,803
Finished goods and goods for resale	525,929	384,367
	<u>1,802,123</u>	<u>1,379,161</u>

The amount of stock recognised as an expense during the year was £3,550,945 (period ended 31 December 2017: £2,991,045).

14. Debtors

	2018 £	2017 £
Trade debtors	1,875,716	1,466,583
Amounts owed by group undertakings	51,000	40,000
Prepayments and accrued income	213,189	57,550
	<u>2,139,905</u>	<u>1,564,133</u>

15. Creditors: Amounts falling due within one year

	2018 £	2017 £
Payments received on account	227,015	20,189
Trade creditors	283,182	763,143
Amounts owed to group undertakings	162,400	81,079
Corporation tax	107,424	61,187
Other taxation and social security	183,608	157,634
Accruals and deferred income	400,757	327,055
	<u>1,364,386</u>	<u>1,410,287</u>

TRANSFORMERS & RECTIFIERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

16. Deferred taxation

	2018 £	2017 £
At beginning of year	(1,079)	3,677
Charged to profit or loss	(22,921)	(4,756)
At end of year	(24,000)	(1,079)

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Fixed asset timing differences	(24,986)	(1,079)
Short term timing differences	986	-
	(24,000)	(1,079)

17. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
10,000,000 A Ordinary shares of £0.10 each	1,000,000	1,000,000

18. Reserves

Profit and loss account

The profit and loss account reserve records retained earnings and accumulated losses.

19. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	10,600	11,040
Later than 1 year and not later than 5 years	1,440	12,040
	12,040	23,080

TRANSFORMERS & RECTIFIERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

20. Ultimate parent company

The ultimate parent undertaking is Cranwell Investments Limited, a company which is registered in Ireland.

The immediate parent undertaking is Cranwell investments UK Limited, a company which is registered in England and Wales.

The parent of the smallest and largest group for which consolidated financial statements are drawn up is Cranwell Investments Limited. The address of their registered office is: Fermoy Industrial Estate, Fermoy, Co Cork, Ireland. The consolidated financial statements of Cranwell Investments Limited may be obtained from this address.

21. Controlling party

R G McNamara is considered to be the ultimate controlling party, by virtue of his controlling shareholding in Cranwell Investments Limited.