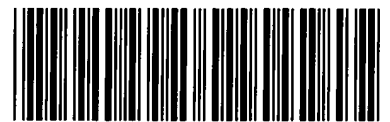


**Group Strategic Report,**  
**Report of the Directors and**  
**Consolidated Financial Statements**  
**for the Year Ended 31 December 2016**

**for**  
**Concord Limited**

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**Contents of the Consolidated Financial Statements**  
**for the Year Ended 31 December 2016**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Group Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>4</b>
<b>Report of the Independent Auditors</b>	<b>5</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>7</b>
<b>Consolidated Balance Sheet</b>	<b>8</b>
<b>Company Balance Sheet</b>	<b>9</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>10</b>
<b>Company Statement of Changes in Equity</b>	<b>11</b>
<b>Consolidated Cash Flow Statement</b>	<b>12</b>
<b>Notes to the Consolidated Cash Flow Statement</b>	<b>13</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>14</b>

**Company Information**  
**for the Year Ended 31 December 2016**

**DIRECTORS:** S P Murphy  
Stratagem Group Limited

**SECRETARY:** S P Murphy

**REGISTERED OFFICE:** Cardiff House  
Cardiff Road  
Barry  
Glamorgan  
CF63 2AW

**REGISTERED NUMBER:** 00775443 (England and Wales)

**AUDITORS:** Mander Duffill  
Chartered Accountants & Registered Auditors  
The Old Post Office  
41-43 Market Place  
Chippenham  
Wiltshire  
SN15 3HR

**Group Strategic Report**  
**for the Year Ended 31 December 2016**

The directors present their strategic report of the company and the group for the year ended 31 December 2016.

**REVIEW OF BUSINESS**

The results for the year and financial position of the group and company are as shown in the annexed financial statements.

At the end of 2015 we took the difficult decision to close our Sheffield operation which reduced costs significantly; this lower cost base has enabled us to improve on the prior year result although not as much as hoped. The unprecedentedly low demand in all our markets continued throughout most of 2016 and has meant that the result for the current year is a loss of £326,000 (2015: loss of £374,000) before pensions costs and property disposal profit (see below). Turnover in the year was a little under £12 million, about 40% of what it was in 2012, which shows the scale of the fall in demand.

There have been some positives during 2016 with a couple of major contract wins in general engineering markets which have not traditionally been open to us but they have been one-offs. However following the US Election result and the incoming administration's stated policy of supporting their own coal mining industry we have seen a significant increase in enquiries in this market as well as, in January 2017, our first major order in this space for a couple of years. Additionally there are signs of optimism in engineering markets more generally on both the iron and steel side.

In September we sold the vacant Sheffield property for net proceeds of £565,000 and reported a profit on disposal of £367,000 which includes the realisation of previous revaluation gains.

In contrast to the significant reduction in the FRS 17 liability registered in the 2015 accounts the current year shows a rather bigger swing the other way with an increase in the pension liability of about £4.3 million gross or £3.5 million net of deferred tax. This is due to a combination of an agreed reduction in contributions and the further deterioration in bond yields during 2016 which had a greater effect on liabilities than the beneficial investment performance had on the scheme assets.

As we pointed out last year the crucial aspect of the pension liability is the affordability of contributions and we can confirm that the revised schedule reported last year remains in place and we expect it to be maintainable on current forecasts. The next triennial valuation is as at 5 April 2018.

**PRINCIPAL RISKS AND UNCERTAINTIES**

We manufacture high integrity steel and iron castings for all engineering markets but are focussed on low volume specialist OEMs rather than, for example, the automotive market; extraction industries, power generation, marine, coal mining and offshore, are particular niches for us. As we mention above we are exploring new markets and have invested in people and technology to address them; however there is no guarantee that this will lead to additional sales and there is of course uncertainty as to when our traditional markets will return.

**DEVELOPMENT**

During the year we have been working closely with potential customers on developing cost-effective solutions to their technical problems and our acknowledged expertise is starting to pay dividends. As we move into 2017 we are starting to ship orders to new clients in non-mining markets and hope to grow these sales significantly.

**YEAR END POSITION**

We enter the current year with more confidence than 2016 on the back of a slow improvement in order intake during the last quarter. Our expectation for 2017 is for a better result than the prior year but it is very difficult to be more definite than that. If our efforts to break into new markets really start to take hold, and the nascent revival in mining continues, then we are ready to make the best of this and would expect to return to profitability before pension charges.

**Group Strategic Report**  
**for the Year Ended 31 December 2016**

**KEY PERFORMANCE INDICATORS**

The principal indicators to measure the performance at a Group and subsidiary level in the past twelve months are order intake and cash generation. There are very detailed key performance indicators at an operating level and these are monitored accordingly.

**ON BEHALF OF THE BOARD:**



.....  
S P Murphy - Director

Date: 23/6/2017  
.....

**Report of the Directors**  
**for the Year Ended 31 December 2016**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2016.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of a holding company.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2016.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

S P Murphy  
Stratagem Group Limited

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**

  
.....  
S P Murphy - Director

Date: 29/6/2017

**Report of the Independent Auditors to the Members of**  
**Concord Limited**

We have audited the financial statements of Concord Limited for the year ended 31 December 2016 on pages seven to twenty five. 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 Financial Reporting Standard 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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent 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 Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

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

**Opinion on other matter prescribed by the Companies Act 2006**

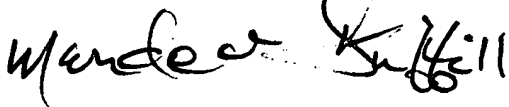
In our opinion the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of**  
**Concord Limited**

**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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Richard L Mander (Senior Statutory Auditor)  
for and on behalf of Mander Duffill  
Chartered Accountants & Registered Auditors  
The Old Post Office  
41-43 Market Place  
Chippenham  
Wiltshire  
SN15 3HR

Date: 29 June 2017



**Consolidated Statement of Comprehensive Income**  
**for the Year Ended 31 December 2016**

	Notes	31.12.16 £'000	31.12.15 £'000
<b>TURNOVER</b>		11,881	17,292
Cost of sales		<u>9,286</u>	<u>13,909</u>
<b>GROSS PROFIT</b>		2,595	3,383
Administrative expenses		<u>2,565</u>	<u>3,768</u>
		30	(385)
Other operating income	3	<u>11</u>	<u>11</u>
<b>OPERATING PROFIT/(LOSS)</b>	6	41	(374)
Interest payable and similar expenses	7	2	-
Other finance costs	21	<u>836</u>	<u>821</u>
		<u>838</u>	<u>821</u>
<b>LOSS BEFORE TAXATION</b>		(797)	(1,195)
Tax on loss	8	<u>(100)</u>	<u>(171)</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		(697)	(1,024)
<b>OTHER COMPREHENSIVE INCOME</b>			
Actuarial gains/(losses)		(4,200)	2,817
Tax Movement		840	(563)
Revaluation gain/(loss)		(180)	-
Income tax relating to components of other comprehensive income		-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<u>(3,540)</u>	<u>2,254</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>(4,237)</u>	<u>1,230</u>
(Loss)/profit attributable to:			
Owners of the parent		<u>(697)</u>	<u>(1,024)</u>
Total comprehensive income attributable to:			
Owners of the parent		<u>(4,237)</u>	<u>1,230</u>

The notes form part of these financial statements

**Consolidated Balance Sheet**  
**31 December 2016**

	Notes	31.12.16 £'000	£'000	31.12.15 £'000	£'000
<b>FIXED ASSETS</b>					
Intangible assets	10		(133)		(144)
Tangible assets	11		1,617		2,105
Investments	12		-		-
			1,484		1,961
<b>CURRENT ASSETS</b>					
Stocks	13	1,380		1,099	
Debtors	14	3,221		3,055	
Cash in hand		794		1,042	
		5,395		5,196	
<b>CREDITORS</b>					
Amounts falling due within one year	15	3,599		3,118	
<b>NET CURRENT ASSETS</b>			1,796		2,078
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			3,280		4,039
<b>PROVISIONS FOR LIABILITIES</b>	18		(18)		(11)
<b>PENSION LIABILITY</b>	21		(11,900)		(8,429)
<b>NET LIABILITIES</b>			(8,638)		(4,401)
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		1,969		1,969
Share premium	20		14,611		14,611
Revaluation reserve	20		659		839
Other reserves	20		879		879
Retained earnings	20		(26,756)		(22,699)
<b>SHAREHOLDERS' FUNDS</b>			(8,638)		(4,401)

The financial statements were approved by the Board of Directors on 29/6/2017 and were signed on its behalf by:

  
S P Murphy - Director

**Company Balance Sheet**  
**31 December 2016**

	Notes	31.12.16 £'000	£'000	31.12.15 £'000	£'000
<b>FIXED ASSETS</b>					
Intangible assets	10		-		-
Tangible assets	11		1,421		1,814
Investments	12		<u>865</u>		<u>865</u>
			2,286		2,679
<b>CURRENT ASSETS</b>					
Debtors	14	28		22	
Cash at bank		<u>261</u>		<u>261</u>	
		289		283	
<b>CREDITORS</b>					
Amounts falling due within one year	15	<u>3,033</u>		<u>2,847</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(2,744)</u>		<u>(2,564)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(458)		115
<b>PENSION LIABILITY</b>	21		<u>(11,900)</u>		<u>(8,429)</u>
<b>NET LIABILITIES</b>			<u>(12,358)</u>		<u>(8,314)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		1,969		1,969
Share premium	20		14,611		14,611
Revaluation reserve	20		659		573
Other reserves	20		879		879
Retained earnings	20		<u>(30,476)</u>		<u>(26,346)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>(12,358)</u>		<u>(8,314)</u>
Company's loss for the financial year			<u>(770)</u>		<u>(490)</u>

The financial statements were approved by the Board of Directors on 25/6/2017 and were signed on its behalf by:

  
S P Murphy - Director

**Consolidated Statement of Changes in Equity**  
**for the Year Ended 31 December 2016**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000
<b>Balance at 1 January 2015</b>	1,969	(23,929)	14,611
<b>Changes in equity</b>			
Total comprehensive income	-	1,230	-
<b>Balance at 31 December 2015</b>	<u>1,969</u>	<u>(22,699)</u>	<u>14,611</u>
<b>Changes in equity</b>			
Total comprehensive income	-	(4,057)	-
<b>Balance at 31 December 2016</b>	<u>1,969</u>	<u>(26,756)</u>	<u>14,611</u>
	Revaluation reserve £'000	Other reserves £'000	Total equity £'000
<b>Balance at 1 January 2015</b>	839	879	(5,631)
<b>Changes in equity</b>			
Total comprehensive income	-	-	1,230
<b>Balance at 31 December 2015</b>	<u>839</u>	<u>879</u>	<u>(4,401)</u>
<b>Changes in equity</b>			
Total comprehensive income	(180)	-	(4,237)
<b>Balance at 31 December 2016</b>	<u>659</u>	<u>879</u>	<u>(8,638)</u>

The notes form part of these financial statements

**Company Statement of Changes in Equity**  
**for the Year Ended 31 December 2016**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000
<b>Balance at 1 January 2015</b>	1,969	(28,110)	14,611
<b>Changes in equity</b>			
Total comprehensive income	-	1,764	-
<b>Balance at 31 December 2015</b>	1,969	(26,346)	14,611
<b>Changes in equity</b>			
Total comprehensive income	-	(4,130)	-
<b>Balance at 31 December 2016</b>	1,969	(30,476)	14,611
	Revaluation reserve £'000	Other reserves £'000	Total equity £'000
<b>Balance at 1 January 2015</b>	573	879	(10,078)
<b>Changes in equity</b>			
Total comprehensive income	-	-	1,764
<b>Balance at 31 December 2015</b>	573	879	(8,314)
<b>Changes in equity</b>			
Total comprehensive income	86	-	(4,044)
<b>Balance at 31 December 2016</b>	659	879	(12,358)

The notes form part of these financial statements

**Consolidated Cash Flow Statement**  
**for the Year Ended 31 December 2016**

	Notes	31.12.16 £'000	31.12.15 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(1,426)	(713)
Interest paid		<u>(2)</u>	<u>-</u>
Net cash from operating activities		<u>(1,428)</u>	<u>(713)</u>
 <b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(8)	(27)
Sale of tangible fixed assets		<u>553</u>	<u>-</u>
Net cash from investing activities		<u>545</u>	<u>(27)</u>
 <b>Decrease in cash and cash equivalents</b>		<u>(883)</u>	<u>(740)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	1,042	1,782
 <b>Cash and cash equivalents at end of year</b>	2	<u><u>159</u></u>	<u><u>1,042</u></u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement**  
**for the Year Ended 31 December 2016**

**1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	31.12.16	31.12.15
	£'000	£'000
Loss before taxation	(797)	(1,195)
Depreciation charges	132	179
Profit on disposal of fixed assets	(374)	-
Goodwill amortisation	(11)	(11)
Diff betwn pension charges & cash contri	(697)	(1,168)
Finance costs	<u>838</u>	<u>821</u>
	(909)	(1,374)
(Increase)/decrease in stocks	(278)	1,158
(Increase)/decrease in trade and other debtors	(84)	2,089
Decrease in trade and other creditors	<u>(155)</u>	<u>(2,586)</u>
<b>Cash generated from operations</b>	<b><u>(1,426)</u></b>	<b><u>(713)</u></b>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Consolidated Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 December 2016**

	31.12.16	1.1.16
	£'000	£'000
Cash and cash equivalents	794	1,042
Bank overdrafts	<u>(635)</u>	<u>-</u>
	<u>159</u>	<u>1,042</u>

**Year ended 31 December 2015**

	31.12.15	1.1.15
	£'000	£'000
Cash and cash equivalents	1,042	2,584
Bank overdrafts	<u>-</u>	<u>(802)</u>
	<u>1,042</u>	<u>1,782</u>

**Notes to the Consolidated Financial Statements**  
**for the Year Ended 31 December 2016**

**1. STATUTORY INFORMATION**

Concord Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The impact of adopting FRS102 for the first time has been the impact on the defined benefit scheme relating to the new accounting standards.

The directors have assessed the deferred tax impact in relation to the properties. However, as the company has brought forward capital losses, no adjustment has been made to the accounts for the deferred tax on the properties.

**Basis of consolidation**

The financial statements have been prepared, for the first time for the year ended 31 December 2014, in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been consistently is set out below.

The prior year has been restated for comparative purposes.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover is made up of revenue earned from the sale of goods.

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 2005, is being amortised evenly over its estimated useful life of forty five years.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 1% on cost
Plant and machinery	- 15% on cost
Office equipment	- 33% on cost, 25% on cost and 20% on cost

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost less any provision for impairment.

**Stocks**

Stocks and work in progress are valued at the lower of cost and selling price less costs to complete and sell. Cost is determined on a first-in first-out basis. The cost of the work in progress comprises of materials, direct labour and attributable production overheads.



**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2016**

**2. ACCOUNTING POLICIES - continued**

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The Company is the principal employer in respect of a defined benefit pension scheme. The Scheme was closed to new entrants in 2000 and the last of the active members left the Scheme in August 2002. The amount charged to operating profit in respect of this Scheme is the current service cost, and gains and losses on settlements and curtailments and is included as part of staff costs. Past service costs are included in the profit and loss account if the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and expected return on assets are shown as a net amount of other finance costs or credits within interest payable. Actuarial gains and losses are recognised immediately in the Statement of Total Recognised Gains and Losses.

The defined benefit scheme is funded with the assets of the Scheme held separately from the Company in separate trustee administered funds. Pension Scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of deferred tax, is presented separately after other net assets on the face of the balance sheet.

**3. OTHER OPERATING INCOME**

	31.12.16	31.12.15
	£'000	£'000
Goodwill amortisation	<u>11</u>	<u>11</u>

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2016**

**4. EMPLOYEES AND DIRECTORS**

	31.12.16	31.12.15
	£'000	£'000
Wages and salaries	4,102	5,293
Social security costs	373	414
Other pension costs	211	211
	<u>4,686</u>	<u>5,918</u>

The average monthly number of employees during the year was as follows

	31.12.16	31.12.15
Works	138	154
Administration	<u>40</u>	<u>39</u>
	<u>178</u>	<u>193</u>

The average number of employees by undertakings that are proportionately consolidated during the year was 178.

**5. DIRECTORS' EMOLUMENTS**

The amounts in respect of the highest paid director are emoluments of £75,000 (2015: (£75,000) and pension contributions of £4,875 (2015: £4,875).

**6. OPERATING PROFIT/(LOSS)**

The operating profit (2015 - operating loss) is stated after charging/(crediting):

	31.12.16	31.12.15
	£'000	£'000
Other operating leases	23	29
Depreciation - owned assets	132	179
Profit on disposal of fixed assets	(374)	-
Goodwill amortisation	(11)	(11)
Auditors' remuneration	32	31
Auditors' remuneration for non audit work	5	5
Foreign exchange differences	(3)	(221)
Property leasing cost	<u>55</u>	<u>55</u>

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.12.16	31.12.15
	£'000	£'000
Bank interest	<u>2</u>	<u>-</u>

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2016**

## 8. TAXATION

### Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	31.12.16	31.12.15
	£'000	£'000
Deferred tax	<u>(100)</u>	<u>(171)</u>
Tax on loss	<u>(100)</u>	<u>(171)</u>

### Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.16 £'000	31.12.15 £'000
Loss before tax	<u>(797)</u>	<u>(1,195)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	(159)	(239)
Effects of:		
Expenses not deductible for tax purposes	168	164
Income not taxable for tax purposes	(41)	-
Depreciation in excess of capital allowances	9	16
Allowable deduction - pension contributions	(139)	(234)
Losses carried forward	196	293
Losses group relieved	(35)	-
FRS102 - Deferred tax on pension movements	(27)	69
Timing differences	<u>(72)</u>	<u>(240)</u>
Total tax credit	<u>(100)</u>	<u>(171)</u>

**Tax effects relating to effects of other comprehensive income**

	31.12.16	
	Gross	Net
	£'000	£'000
Actuarial gains/(losses)	(4,200)	(4,200)
Tax Movement	840	840
Revaluation gain/(loss)	<u>(180)</u>	<u>(180)</u>
	<u>(3,540)</u>	<u>(3,540)</u>

	31.12.15	
	Gross	Net
	£'000	£'000
Actuarial gains/(losses)	2,817	2,817
Deferred tax movement	<u>(563)</u>	<u>(563)</u>
	<u>2,254</u>	<u>2,254</u>

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2016**

**9. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME**

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

**10. INTANGIBLE FIXED ASSETS**

**Group**

Goodwill  
£'000

**COST**

At 1 January 2016  
and 31 December 2016 (266)

**AMORTISATION**

At 1 January 2016 (122)  
Amortisation for year (11)

At 31 December 2016 (133)

**NET BOOK VALUE**

At 31 December 2016 (133)

At 31 December 2015 (144)

**11. TANGIBLE FIXED ASSETS**

**Group**

	Freehold property £'000	Plant and machinery £'000	Motor vehicles £'000	Office equipment £'000	Totals £'000
<b>COST</b>					
At 1 January 2016	1,870	970	20	69	2,929
Additions	-	20	-	-	20
Disposals	<u>(390)</u>	<u>(67)</u>	<u>-</u>	<u>-</u>	<u>(457)</u>
At 31 December 2016	<u>1,480</u>	<u>923</u>	<u>20</u>	<u>69</u>	<u>2,492</u>
<b>DEPRECIATION</b>					
At 1 January 2016	78	663	20	63	824
Charge for year	16	111	-	5	132
Eliminated on disposal	<u>(14)</u>	<u>(67)</u>	<u>-</u>	<u>-</u>	<u>(81)</u>
At 31 December 2016	<u>80</u>	<u>707</u>	<u>20</u>	<u>68</u>	<u>875</u>
<b>NET BOOK VALUE</b>					
At 31 December 2016	<u>1,400</u>	<u>216</u>	<u>-</u>	<u>1</u>	<u>1,617</u>
At 31 December 2015	<u>1,792</u>	<u>307</u>	<u>-</u>	<u>6</u>	<u>2,105</u>

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2016**

**11. TANGIBLE FIXED ASSETS - continued**

**Company**

	Freehold property £'000	Motor vehicles £'000	Office equipment £'000	Totals £'000
<b>COST OR VALUATION</b>				
At 1 January 2016	1,870	20	2	1,892
Disposals	<u>(390)</u>	<u>-</u>	<u>-</u>	<u>(390)</u>
At 31 December 2016	<u>1,480</u>	<u>20</u>	<u>2</u>	<u>1,502</u>
<b>DEPRECIATION</b>				
At 1 January 2016	56	20	2	78
Charge for year	15	-	-	15
Eliminated on disposal	<u>(12)</u>	<u>-</u>	<u>-</u>	<u>(12)</u>
At 31 December 2016	<u>59</u>	<u>20</u>	<u>2</u>	<u>81</u>
<b>NET BOOK VALUE</b>				
At 31 December 2016	<u>1,421</u>	<u>-</u>	<u>-</u>	<u>1,421</u>
At 31 December 2015	<u>1,814</u>	<u>-</u>	<u>-</u>	<u>1,814</u>

The company's properties are now subject to a second charge, after the company's bankers, in favour of the pension trustee.

Cost or valuation at 31 December 2016 is represented by:

	Freehold property £'000	Motor vehicles £'000	Office equipment £'000	Totals £'000
Valuation in 2004	661	-	-	661
Valuation in 2005	69	-	-	69
Valuation in 2007	255	-	-	255
Valuation in 2009	(345)	-	-	(345)
Valuation in 2012	(235)	-	-	(235)
Valuation in 2016	86	-	-	86
Cost	<u>989</u>	<u>20</u>	<u>2</u>	<u>1,011</u>
	<u>1,480</u>	<u>20</u>	<u>2</u>	<u>1,502</u>

Freehold property was valued on an open market value basis on 31 December 2012 by Jones Lang Lasalle.

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2016**

**12. FIXED ASSET INVESTMENTS**

**Group**

	Shares in group undertakings £'000
<b>COST</b>	
At 1 January 2016 and 31 December 2016	<u>6,432</u>
<b>PROVISIONS</b>	
At 1 January 2016 and 31 December 2016	<u>6,432</u>
<b>NET BOOK VALUE</b>	
At 31 December 2016	<u><u>-</u></u>
At 31 December 2015	<u><u>-</u></u>

**Company**

	Shares in group undertakings £'000
<b>COST</b>	
At 1 January 2016 and 31 December 2016	<u>6,165</u>
<b>PROVISIONS</b>	
At 1 January 2016 and 31 December 2016	<u>5,300</u>
<b>NET BOOK VALUE</b>	
At 31 December 2016	<u><u>865</u></u>
At 31 December 2015	<u><u>865</u></u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

**Subsidiaries**

**North Midlands Castings Limited**

Registered office:

Nature of business: Holding company

	%
Class of shares:	holding
Ordinary	100.00

**BAS Castings Limited**

Registered office:

Nature of business: Castings

	%
Class of shares:	holding
Ordinary	100.00

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2016**

**12. FIXED ASSET INVESTMENTS - continued**

**HI Quality Steel Castings Limited**

Registered office:

Nature of business: Castings

Class of shares:	%
Ordinary	holding 100.00

The subsidiary undertakings listed are those which have continuing operations. Dormant companies are not listed.

**13. STOCKS**

	<b>Group</b>	
	31.12.16	31.12.15
	£'000	£'000
Raw materials	688	691
Work-in-progress	<u>692</u>	<u>408</u>
	<u><u>1,380</u></u>	<u><u>1,099</u></u>

The company purchases, produces and sells these items on to customers.

Stock recognised in cost of sales during the year as an expenses was £4,177,000 (2015: £7,227,000).

**14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	31.12.16	31.12.15	31.12.16	31.12.15
	£'000	£'000	£'000	£'000
Trade debtors	2,665	2,550	26	21
Other debtors	120	98	-	-
Deferred taxation	309	229	-	-
Prepayments	<u>127</u>	<u>178</u>	<u>2</u>	<u>1</u>
	<u><u>3,221</u></u>	<u><u>3,055</u></u>	<u><u>28</u></u>	<u><u>22</u></u>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	31.12.16	31.12.15	31.12.16	31.12.15
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see note 16)	635	-	-	-
Trade creditors	1,660	1,549	32	26
Amounts owed to group undertakings	130	112	2,460	2,336
Social security and other taxes	324	284	68	6
VAT	-	6	-	6
Other creditors	562	621	473	471
Accruals and deferred income	<u>288</u>	<u>546</u>	<u>-</u>	<u>2</u>
	<u><u>3,599</u></u>	<u><u>3,118</u></u>	<u><u>3,033</u></u>	<u><u>2,847</u></u>

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2016**

**16. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>	
	31.12.16	31.12.15
	£'000	£'000
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>635</u>	<u>-</u>

**17. SECURED DEBTS**

These debts are secured by a first legal charge in favour of Barclays Bank Plc.

**18. PROVISIONS FOR LIABILITIES**

	<b>Provided</b>		<b>Unprovided</b>	
	31.12.16	31.12.15	31.12.16	31.12.15
	£'000	£'000	£'000	£'000
Accelerated capital allowances	5	11	(4)	(4)
Other timing differences	(2,975)	(2,107)	-	-
Less:				
Tax losses carried forward	(295)	(229)	(196)	(253)
	<u>(3,265)</u>	<u>(2,325)</u>	<u>(200)</u>	<u>(257)</u>

The deferred taxation amounts provided are analysed below and are recognised where referred to in the relevant notes:

	Total	Accelerated	Pension	Tax
	£'000	Capital Allowances	Deficit	Losses
		£'000	£'000	£'000
Balance at 1 January 2016	(2,325)	11	(2,107)	(229)
Profit and loss account	(100)	(6)	(28)	(66)
Tax on actuarial gain/(loss)	<u>(840)</u>	<u>-</u>	<u>(840)</u>	<u>-</u>
Deferred taxation liability/(asset) at 31 December 2016	<u>(3,265)</u>	<u>5</u>	<u>(2,975)</u>	<u>(295)</u>

The deferred taxation asset is set off against the pension liability as required by FRS102.

**19. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.16	31.12.15
			£'000	£'000
19,690,554	Ordinary	10p	<u>1,969</u>	<u>1,969</u>

All shares rank pari passu.



**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2016**

**20. RESERVES**

<b>Group</b>	Retained earnings £'000	Share premium £'000	Revaluation reserve £'000	Other reserves £'000	Totals £'000
At 1 January 2016	(22,699)	14,611	839	879	(6,370)
Deficit for the year	(697)	-	-	-	(697)
Property revaluation	-	-	86	-	86
Disposal	-	-	(266)	-	(266)
Actuarial gain/(loss)	<u>(3,360)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,360)</u>
At 31 December 2016	<u>(26,756)</u>	<u>14,611</u>	<u>659</u>	<u>879</u>	<u>(10,607)</u>

<b>Company</b>	Retained earnings £'000	Share premium £'000	Revaluation reserve £'000	Other reserves £'000	Totals £'000
At 1 January 2016	(26,346)	14,611	573	879	(10,283)
Deficit for the year	(770)	-	-	-	(770)
Property revaluation	-	-	86	-	86
Actuarial gain/(loss)	<u>(3,360)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,360)</u>
At 31 December 2016	<u>(30,476)</u>	<u>14,611</u>	<u>659</u>	<u>879</u>	<u>(14,327)</u>

**21. EMPLOYEE BENEFIT OBLIGATIONS**

The Concord Plc Retirement Benefits Scheme ("the Scheme") was closed to new members with effect from 1 April 2000, and to future benefit accrual from the same date. All remaining active members left the scheme at 1 September 2002 so the Scheme is left with only deferred members and pensioners. The Scheme is funded with the assets being held by the Trustees separately from the assets of the company. Pension costs are determined in accordance with advice of a professionally qualified actuary.

An actuarial valuation of the Concord Plc Retirement Benefit Scheme was carried out as at 5 April 2012 by Towers Watson LLP Limited using the projected unit method, and an update was carried out at 31 December 2014 under the assumptions prescribed in Financial Reporting Standard 102. The company pension contributions for the year were £697,200 (2015: £1,168,000). The outstanding deficit in the funding of the Scheme at the year end was £14,874,800 (2015: £10,536,000). No additional contributions were paid in respect of Scheme expenses.

The actuarial valuation as at 5 April 2015 has now been concluded and the Trustees of the Scheme and the Company have agreed a new contribution schedule to acknowledge the difficult commercial conditions the group is experiencing. Accordingly the schedule of contributions agreed as at 5 April 2012 remains in place but has been amended to reflect a contribution holiday from 1 July to 31 December 2016, a reduction for calendar 2017 to £500,000 pa. and a reduction for calendar 2018 to £750,000 pa. The Company is committed to following the established schedule of contributions thereafter.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2016**

**21. EMPLOYEE BENEFIT OBLIGATIONS - continued**

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	31.12.16	31.12.15
	£'000	£'000
Current service cost	-	-
Net interest from net defined benefit asset/liability	411	404
Past service cost	-	-
Scheme expenses incurred	<u>425</u>	<u>417</u>
	<u>836</u>	<u>821</u>
 Actual return on plan assets	 <u>5,184</u>	 <u>(223)</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	31.12.16	31.12.15
	£'000	£'000
Opening defined benefit obligation	38,831	42,421
Interest cost	1,420	1,410
Actuarial losses/(gains)	8,800	(3,600)
Benefits paid	<u>(1,200)</u>	<u>(1,400)</u>
	<u>47,851</u>	<u>38,831</u>

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

	Defined benefit pension plans	
	31.12.16	31.12.15
	£'000	£'000
Opening fair value of scheme assets	28,295	28,721
Contributions by employer	697	1,168
Scheme expenses incurred	(425)	(417)
Expected return	1,009	1,423
Actuarial gains/(losses)	4,600	(1,200)
Benefits paid	<u>(1,200)</u>	<u>(1,400)</u>
	<u>32,976</u>	<u>28,295</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	31.12.16	31.12.15
	£'000	£'000
Actuarial gains/(losses)	<u>(3,360)</u>	<u>2,817</u>
	<u>(3,360)</u>	<u>2,817</u>

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2016**

**21. EMPLOYEE BENEFIT OBLIGATIONS - continued**

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	31.12.16	31.12.15
	£'000	£'000
Equities	18,613	16,101
Bonds	14,129	12,078
Cash & NCA	234	116
	<u>32,976</u>	<u>28,295</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	31.12.16	31.12.15
Discount rate	2.60%	3.70%
Future pension increases	3.80%	3.60%
Inflation rate (RPI)	3.30%	2.70%
Inflation rate (CPI)	2.30%	1.70%
Rate of increase for deferred pensioners	2.30%	1.70%

**22. ULTIMATE PARENT COMPANY**

The immediate parent company of this company is Stratagem Group Limited, a company registered in England and Wales. The UK parent undertaking for which consolidated accounts have been prepared at 31 December 2016 is Ryder Court Investments Limited, a company registered in England and Wales.

The ultimate controlling party is now Mr S P Murphy.

**23. CONTINGENT LIABILITIES**

The company is involved in the Value Added Tax Group election under s29 of the Value Added Tax Act 1983. It has therefore guaranteed to pay any tax due by other members of the group. At 31 December 2016 tax owed by the group was £190,601 (31 December 2015: £147,280 owed by the group).

The company together with other group undertakings are also part of an agreement with Barclays Bank Plc, whereby balances with the bank are subject to joint and several guarantees. The net aggregated borrowings at 31 December 2016 subject to this agreement amounted to £634,879 (31 December 2015: nil). The bank has a fixed and floating charge over all of the company's assets.

**24. RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.