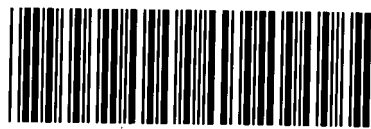


**Cressall Resistors Limited**  
**Financial Statements**  
**For the year ended**  
**31 December 2017**

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# **Cressall Resistors Limited**

## **Financial Statements**

**Year ended 31 December 2017**

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# **Cressall Resistors Limited**

## **Officers and Professional Advisers**

### **The board of directors**

D Atkins  
M Fornari  
M C Nicholls  
S Bruckner  
A Keith

### **Company secretary**

D Atkins

### **Registered office**

Evington Valley Road  
Leicester  
LE5 5LZ

### **Auditor**

Streets Audit LLP  
Chartered accountants & statutory auditor  
Enterprise House  
38 Tyndall Court  
Commerce Road  
Lynch Wood  
Peterborough  
Cambridgeshire  
PE2 6LR

### **Bankers**

National Westminster Bank Plc  
1 Granby Street  
Leicester  
LE1 6EJ

# **Cressall Resistors Limited**

## **Strategic Report**

### **Year ended 31 December 2017**

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and nature of our business, incorporating our key performance indicators and the principal risks and uncertainties that the business faces.

The company continues to design, manufacture and sell high power electrical resistors.

In line with expectations, turnover increased 13% during the year from £10.9m to £12.3m. However increased direct costs resulted in reduced gross profit from £3.3m to £2.9m. Increased administrative expenses during the year resulting in an operating profit of £924k (2016 - £1.5m). The occurrence of exceptional costs during the year regarding a single contract and a non recurring tax charge as detailed in the notes to the financial statements has resulted in a net loss of £476k.

The results for the year reflect the challenges which the company has faced during the period. The directors anticipate an increase in operating profit for 2018, returning to that achieved in 2016.

#### **Financial risk management objectives and policies**

The company's principal financial instruments comprise cash and various items, such as trade debtors and trade creditors, which arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the company's operations.

The existence of financial instruments exposes the company to a number of financial risks such as credit risk and liquidity risk, however the strong cash reserves of the company mitigates these risks.

Despite the low level of financial risk faced by the company, the directors consider it important to review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

#### **Credit risk**

The company seeks to manage its credit risk by dealing with established customers or otherwise checking the credit-worthiness of new customers, establishing clear contractual relationships with those customers and by identifying and addressing any credit issues arising in a timely manner.

#### **Currency risk**

The company minimises its risk to foreign currency fluctuations by invoicing and purchasing in sterling where possible, and where not by balancing as far as possible sales and purchases in Dollars and Euros.

#### **Liquidity risk**

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by overdraft facilities. The company as far as possible minimises its risk to foreign currency fluctuations by invoicing and purchasing in sterling.

The company is exposed, as are its competitors, to fluctuating steel prices. Consideration is given to this when tendering for contracts.

# **Cressall Resistors Limited**

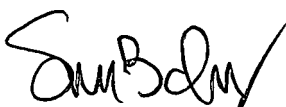
## **Strategic Report** *(continued)*

**Year ended 31 December 2017**

### **Outlook**

The company entered the current financial year with a strong business pipeline, as reflected in positive budgets for the year. The board will continue to react to market conditions whilst maintaining its high standards and continuing to deliver value to its customer base whilst delivering operational efficiencies to the business.

This report was approved by the board of directors on 25/07/18 and signed on behalf of the board by:



S Bruckner  
Director

Registered office:  
Evington Valley Road  
Leicester  
LE5 5LZ

# **Cressall Resistors Limited**

## **Directors' Report**

**Year ended 31 December 2017**

The directors present their report and the financial statements of the company for the year ended 31 December 2017.

### **Directors**

The directors who served the company during the year were as follows:

D Atkins  
M Fornari  
M C Nicholls  
S Bruckner  
A Keith

### **Dividends**

Particulars of recommended dividends are detailed in note 13 to the financial statements.

### **Research and development**

During the year the company incurred £82,252 (2016 - £29,849) in research and development costs.

### **Disclosure of information in the strategic report**

The company has chosen to set out in the strategic report information about the future developments of the company and the financial instruments.

### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, 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 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 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 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 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.

# Cressall Resistors Limited

## Directors' Report *(continued)*

Year ended 31 December 2017

### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This report was approved by the board of directors on 25/07/18 and signed on behalf of the board by:



S Bruckner  
Director

Registered office:  
Evington Valley Road  
Leicester  
LE5 5LZ

# **Cressall Resistors Limited**

## **Independent Auditor's Report to the Members of Cressall Resistors Limited**

**Year ended 31 December 2017**

### **Opinion**

We have audited the financial statements of Cressall Resistors Limited (the 'company') for the year ended 31 December 2017 which comprise the statement of income and retained earnings, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 auditor's 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 UK, including the FRC'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.



# **Cressall Resistors Limited**

## **Independent Auditor's Report to the Members of Cressall Resistors Limited** *(continued)*

**Year ended 31 December 2017**

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

### **Opinions 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.

# **Cressall Resistors Limited**

## **Independent Auditor's Report to the Members of Cressall Resistors Limited** *(continued)*

**Year ended 31 December 2017**

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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.

### **Auditor's 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 auditor's 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



JONATHAN DAY (Senior Statutory Auditor)

For and on behalf of  
Streets Audit LLP  
Chartered accountants & statutory auditor  
Enterprise House  
38 Tyndall Court  
Commerce Road  
Lynch Wood  
Peterborough  
Cambridgeshire  
PE2 6LR

17 August 2018

# Cressall Resistors Limited

## Statement of Income and Retained Earnings

Year ended 31 December 2017

	Note	2017 £	2016 £
<b>Turnover</b>	<b>5</b>	<b>12,340,783</b>	<b>10,893,423</b>
Cost of sales		<u>9,488,592</u>	<u>7,598,474</u>
<b>Gross profit</b>		<b>2,852,191</b>	<b>3,294,949</b>
Administrative expenses		<u>1,928,305</u>	<u>1,735,112</u>
<b>Operating profit</b>	<b>6</b>	<b>923,886</b>	<b>1,559,837</b>
Exceptional costs		<b>918,080</b>	<b>—</b>
Other interest receivable and similar income	<b>11</b>	<u>439</u>	<u>3,025</u>
<b>Profit before taxation</b>		<b>6,245</b>	<b>1,562,862</b>
Tax on profit	<b>12</b>	<u>482,536</u>	<u>455,905</u>
<b>(Loss)/profit for the financial year and total comprehensive income</b>		<b><u>(476,291)</u></b>	<b><u>1,106,957</u></b>
Dividends paid and payable	<b>13</b>	<b>—</b>	<b>(1,000,000)</b>
<b>Retained earnings at the start of the year</b>		<b>4,758,965</b>	<b>4,652,008</b>
<b>Retained earnings at the end of the year</b>		<b><u>4,282,674</u></b>	<b><u>4,758,965</u></b>

All the activities of the company are from continuing operations.

The notes on pages 11 to 23 form part of these financial statements.

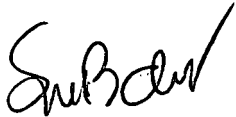
# Cressall Resistors Limited

## Statement of Financial Position

31 December 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	14	179,124	244,447
Tangible assets	15	<u>1,265,175</u>	<u>864,294</u>
		<b>1,444,299</b>	<b>1,108,741</b>
<b>Current assets</b>			
Stocks	17	1,732,393	2,051,105
Debtors	18	2,774,612	3,971,970
Cash at bank and in hand		<u>1,060,768</u>	<u>3,170,695</u>
		<b>5,567,773</b>	<b>9,193,770</b>
<b>Creditors: amounts falling due within one year</b>	19	<u>1,605,813</u>	<u>4,439,478</u>
<b>Net current assets</b>		<b>3,961,960</b>	<b>4,754,292</b>
<b>Total assets less current liabilities</b>		<b>5,406,259</b>	<b>5,863,033</b>
<b>Provisions</b>			
Taxation including deferred tax	20	<u>123,585</u>	<u>104,068</u>
<b>Net assets</b>		<b><u>5,282,674</u></b>	<b><u>5,758,965</u></b>
<b>Capital and reserves</b>			
Called up share capital	23	1,000,000	1,000,000
Profit and loss account	24	<u>4,282,674</u>	<u>4,758,965</u>
<b>Shareholders funds</b>		<b><u>5,282,674</u></b>	<b><u>5,758,965</u></b>

These financial statements were approved by the board of directors and authorised for issue on 25/07/18, and are signed on behalf of the board by:



S Bruckner  
Director

Company registration number: 1080251

The notes on pages 11 to 23 form part of these financial statements.

# **Cressall Resistors Limited**

## **Notes to the Financial Statements**

**Year ended 31 December 2017**

### **1. General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Evington Valley Road, Leicester, LE5 5LZ.

### **2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### **3. Company information**

Cressall Resistors Limited is a limited liability company, incorporated in England and Wales. The principal place of business is the registered office. The principal activity of the company during the year was the design, manufacture and sale of high power electrical resistors.

The financial statements cover the individual company.

### **4. Accounting policies**

#### **Basis of preparation**

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### **Disclosure exemptions**

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of TPR Limited which can be obtained from Companies House. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) Disclosures in respect of share-based payments have not been presented.
- (e) No disclosure has been given for the aggregate remuneration of key management personnel.

# **Cressall Resistors Limited**

## **Notes to the Financial Statements *(continued)***

**Year ended 31 December 2017**

### **4. Accounting policies *(continued)***

#### **Judgements 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.

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as disclosed in the accounting policies and notes to the financial statements.

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 disclosed in the accounting policies and notes to the financial statements.

#### **1 Depreciation charge**

The annual depreciation charge for each class of tangible fixed asset is based on an estimate of the useful economic life of the respective assets. This is reviewed periodically by the directors to ensure that they reflect both the external and internal factors.

#### **2 Amortisation**

The annual amortisation charge for intangible assets and goodwill is based on an estimate of the useful economic life of the respective assets. This is reviewed periodically by the directors to ensure that they reflect both the external and internal factors.

#### **3 Impairment of investments**

The company makes an estimate of the recoverable value of investments. When assessing impairment of investments, management considers factors including the net assets of the investments.

#### **4 Treatment of Advanced Payment Notices**

The directors have recognised the net of the liability in respect of Advance Payment Notices received from HMRC and the benefit of the related insurance policy.

#### **Revenue recognition**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on despatch of the goods, the amount of revenue can be measured reliably, it is probable that the associated economic benefits will flow to the entity, and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

# **Cressall Resistors Limited**

## **Notes to the Financial Statements** *(continued)*

**Year ended 31 December 2017**

### **4. Accounting policies** *(continued)*

#### **Income tax**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all material timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### **Foreign currencies**

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to profit or loss.

#### **Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

#### **Goodwill**

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Patents are initially recorded at cost.

# **Cressall Resistors Limited**

## **Notes to the Financial Statements *(continued)***

**Year ended 31 December 2017**

### **4. Accounting policies *(continued)***

#### **Intangible assets**

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

#### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	5% straight line
Patents	-	20% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

#### **Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

#### **Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant equipment and tooling	-	8% to 33% straight line
Fixtures and fittings	-	10% straight line
Motor vehicles	-	20% straight line
Property improvements	-	10% straight line

#### **Investments**

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.



# Cressall Resistors Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2017

### 4. Accounting policies (continued)

#### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is derived from purchase invoices. Stock is recorded on a first in first out basis.

#### Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

#### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

### 5. Turnover

Turnover arises from:

	2017	2016
	£	£
Sale of goods	<u>12,340,783</u>	<u>10,893,423</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2017	2016
	£	£
United Kingdom	6,781,874	5,510,382
Overseas	<u>5,558,909</u>	<u>5,383,041</u>
	<u>12,340,783</u>	<u>10,893,423</u>

# Cressall Resistors Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

### 6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2017	2016
	£	£
Amortisation of intangible assets	65,323	65,323
Depreciation of tangible assets	168,711	146,647
Gains on disposal of tangible assets	(13,500)	(2,033)
Impairment of trade debtors	–	1,603
Foreign exchange differences	(6,109)	(323,300)
Operating lease costs	<u>236,451</u>	<u>208,440</u>

### 7. Exceptional items

During the year the company incurred additional unexpected costs of £918,080 in relation to a delay in the final delivery of equipment on a contract. The delay was due to the temporary failure of part of the loadbank and as a result the client requested to hire a spare one for the delayed time in order to complete their test according to their plan. This is considered an exceptional item by the directors and has therefore been disclosed separately in the Statement of Income and Retained Earnings.

There has also been a non recurring tax charge of £516,616 in the year, more details are disclosed in note 12 of the financial statements.

### 8. Auditor's remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	<u>16,000</u>	<u>15,500</u>
Fees payable to the company's auditor and its associates for other services:		
Audit-related assurance services	<u>2,750</u>	<u>1,925</u>

### 9. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2017	2016
	No.	No.
Production staff	49	50
Management staff	<u>46</u>	<u>43</u>
	<u>95</u>	<u>93</u>

# Cressall Resistors Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2017

#### 9. Staff costs *(continued)*

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017	2016
	£	£
Wages and salaries	3,098,484	3,029,744
Social security costs	368,810	343,565
Other pension costs	125,494	114,392
	<u>3,592,788</u>	<u>3,487,701</u>

#### 10. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	372,745	636,944
Company contributions to defined contribution pension plans	35,424	31,597
	<u>408,169</u>	<u>668,541</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2017	2016
	No.	No.
Defined contribution plans	<u>4</u>	<u>4</u>

Remuneration of the highest paid director in respect of qualifying services:

	2017	2016
	£	£
Aggregate remuneration	114,920	187,600
Company contributions to defined contribution pension plans	13,000	10,000
	<u>127,920</u>	<u>197,600</u>

#### 11. Other interest receivable and similar income

	2017	2016
	£	£
Interest on cash and cash equivalents	<u>439</u>	<u>3,025</u>

# Cressall Resistors Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

### 12. Tax on profit

#### Major components of tax expense

	2017 £	2016 £
<b>Current tax:</b>		
UK current tax expense	504,336	437,343
Adjustments in respect of prior periods	(41,317)	—
Total current tax	<u>463,019</u>	<u>437,343</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	<u>19,517</u>	<u>18,562</u>
<b>Tax on profit</b>	<u>482,536</u>	<u>455,905</u>

The company claimed trading losses from investments in Limited Liability Partnerships in earlier years. HMRC have disputed the treatment of these losses and have demanded additional corporation tax payments totalling £1,554,390.

During the year the company made on account payments to HMRC to avoid future interest charges being applied against these demands. The directors do not consider this to be an acceptance of the liability and continue to dispute the matter with HM Revenue & Customs.

At the time the company made some of the investments it also entered into insurance policies which, should the original loss relief be ultimately denied by HM Revenue & Customs, would reimburse the company for the cost of the investment and the insurance premium paid, should this happen the reimbursement to the company would total £518,766.

The directors have considered that the benefit of the insurance policies should be netted off against the corporation tax demands as without this net-off, the position reported would be more adverse than the overall worst case outcome for the company. The benefit of the insurance policies has therefore been recognised as a debtor and netted off against the liability in arriving at the tax charge in relation to prior years of £516,616 (earlier years £519,008).

# Cressall Resistors Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2017

### 12. Tax on profit (continued)

#### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

	2017 £	2016 £
Profit on ordinary activities before taxation	<u>6,245</u>	<u>1,562,862</u>
Profit on ordinary activities by rate of tax	1,202	312,572
Adjustment to tax charge in respect of prior periods	516,616	129,446
Effect of expenses not deductible for tax purposes	895	4,928
Effect of capital allowances and depreciation	17,035	8,959
Utilisation of tax losses	(11,895)	–
Research and development credit in respect of earlier years	(41,317)	–
Tax on profit	<u>482,536</u>	<u>455,905</u>

### 13. Dividends

	2017 £	2016 £
Dividends proposed before the year end and recognised as a liability	<u>–</u>	<u>1,000,000</u>

### 14. Intangible assets

	Goodwill £	Patents, trademarks and licences £	Total £
<b>Cost</b>			
At 1 January 2017 and 31 December 2017	<u>1,306,451</u>	<u>17,000</u>	<u>1,323,451</u>
<b>Amortisation</b>			
At 1 January 2017	1,072,204	6,800	1,079,004
Charge for the year	65,323	–	65,323
At 31 December 2017	<u>1,137,527</u>	<u>6,800</u>	<u>1,144,327</u>
<b>Carrying amount</b>			
At 31 December 2017	<u>168,924</u>	<u>10,200</u>	<u>179,124</u>
At 31 December 2016	<u>234,247</u>	<u>10,200</u>	<u>244,447</u>

# Cressall Resistors Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2017

#### 15. Tangible assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Property improvements £	Total £
<b>Cost</b>					
At 1 January 2017	2,341,743	173,899	19,750	75,162	<b>2,610,554</b>
Additions	545,826	18,766	—	5,000	<b>569,592</b>
Disposals	(75,172)	—	—	—	<b>(75,172)</b>
<b>At 31 December 2017</b>	<b>2,812,397</b>	<b>192,665</b>	<b>19,750</b>	<b>80,162</b>	<b>3,104,974</b>
<b>Depreciation</b>					
At 1 January 2017	1,550,359	142,564	16,998	36,339	<b>1,746,260</b>
Charge for the year	153,815	5,944	1,270	7,682	<b>168,711</b>
Disposals	(75,172)	—	—	—	<b>(75,172)</b>
<b>At 31 December 2017</b>	<b>1,629,002</b>	<b>148,508</b>	<b>18,268</b>	<b>44,021</b>	<b>1,839,799</b>
<b>Carrying amount</b>					
<b>At 31 December 2017</b>	<b>1,183,395</b>	<b>44,157</b>	<b>1,482</b>	<b>36,141</b>	<b>1,265,175</b>
At 31 December 2016	791,384	31,335	2,752	38,823	864,294

#### 16. Investments

	Other investments other than loans £
<b>Cost</b>	
At 1 January 2017 and 31 December 2017	<b>935,615</b>
<b>Impairment</b>	
At 1 January 2017 and 31 December 2017	<b>935,615</b>
<b>Carrying amount</b>	
At 31 December 2017	—
At 31 December 2016	—

The company has previously invested in 4 partnerships. The directors continue to value these investments at £nil at the year end date based on the net assets of the partnerships.

# Cressall Resistors Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2017

### 17. Stocks

	2017	2016
	£	£
Raw materials and consumables	1,274,401	1,471,169
Work in progress	457,992	579,936
	<u>1,732,393</u>	<u>2,051,105</u>

### 18. Debtors

	2017	2016
	£	£
Trade debtors	1,868,335	3,192,256
Prepayments and accrued income	199,544	184,339
Corporation tax repayable	114,499	—
Amounts recoverable on contracts	10,681	70,337
Other debtors	581,553	525,038
	<u>2,774,612</u>	<u>3,971,970</u>

The debtors above include the following amounts falling due after more than one year:

	2017	2016
	£	£
Other debtors	<u>518,766</u>	<u>518,766</u>

Other debtors includes an insurance policy receivable of £518,766 (2016 - £518,766), please see note 12 to the financial statements for more details in relation to this.

### 19. Creditors: amounts falling due within one year

	2017	2016
	£	£
Payments received on account	25,294	15,027
Trade creditors	1,064,780	1,255,270
Amounts owed to group undertakings	—	1,000,000
Accruals and deferred income	211,421	511,893
Corporation tax	—	209,098
Social security and other taxes	77,308	99,288
Accelerated payment notice	—	1,037,774
Other creditors	227,010	311,128
	<u>1,605,813</u>	<u>4,439,478</u>

Please see note 12 for more details of the Accelerated payment notice.

# Cressall Resistors Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2017

### 20. Provisions

	Deferred tax (note 21) £
At 1 January 2017	104,068
Additions	19,517
<b>At 31 December 2017</b>	<b><u>123,585</u></b>

### 21. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017 £	2016 £
Included in provisions (note 20)	<u>123,585</u>	<u>104,068</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017 £	2016 £
Accelerated capital allowances	125,479	105,862
Pension plan obligations	(1,894)	(1,794)
	<u>123,585</u>	<u>104,068</u>

The net reversal of deferred tax liability expected to occur during the next financial year is £92,956 being depreciation in excess of capital allowances.

### 22. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £90,070 (2016: £82,795).

### 23. Called up share capital

#### Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

### 24. Reserves

Profit and loss account - this reserve records retained earnings and accumulated losses.



# Cressall Resistors Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

### 25. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£	£
Not later than 1 year	22,224	20,042
Later than 1 year and not later than 5 years	37,238	42,043
	<u>59,462</u>	<u>62,085</u>

### 26. Related party transactions

During the year the company purchased goods totalling £338,055 from group companies (2016 £264,286). The balance owing to group companies at the year end was £18,362 (2016 - £19,429). Sales to group companies in the year totalled £154,891 (2016 - £257,147) and the balance owing from group companies was £85,889 (2016 - £32,512).

During the year the company was charged rent from a company with common directors, amounting to £168,641 (2016 - £168,641). At the year end Cressall Resistors Limited owed £nil (2016 - £Nil) to this company.

During the year the company was charged management charges by group companies totalling £122,706 (2016 - £108,934). At the year end Cressall Resistors Limited owed £63,182 (2016 - £54,616) of this balance.

### 27. Parent company

TPR Limited, a company Registered in England and Wales, is the immediate parent company.

The Fornari family are the company's controlling shareholders by virtue of their ownership of the group.