

Registered number: 02302004

**Nautic Steels Limited**

Directors' Report and Financial Statements

For the Year Ended 28 February 2018



**DAINS**  
ACCOUNTANTS

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## **Introduction**

The principal activity of the Company in the year continued to be that of the manufacture of pipes, fittings, flanges and ancillary equipment.

## **Business review**

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 and is written in the context of the risks and uncertainties we face.

For FY2018, business has improved slightly due to the stable prices of oil and gas. The price of oil, per barrel, averages around USD60, which is in the profitable zone of oil and gas production. It was, however, a year of caution by oil majors because the previous year prices were below USD40/barrel.

New explorations were small but there were increased activities in downstream production. The year sees an increase in the prices of metals such as copper and nickel, indicating the increase in demand.

For FY2019, we foresee a better year as the prices of oil are stabilising around USD65/barrel. Oil majors have activated more jobs both upstream and downstream. Saudi Aramco and Petrobras have put many new inquiries into the market place indicating their expectation of a good year ahead.

## **Marketing Strategy**

Nautic intend to participate in 3 trade shows this year; The Offshore Technology Conference in Malaysia, OSEA in Singapore to profile in Asia and the Tube show in Dusseldorf.

This year, Nautic intend to not only demonstrate its strength in copper nickel pipes and fittings, but also plans to introduce other ranges of Nickel Alloy fittings that are not well known in the market place. Great emphasis is being given on these ranges to increase the sales of Nautic.

Visits to key customers overseas will be initiated to ensure we have ears in the market place.

## **Principal risks and uncertainties**

The Directors consider that the key financial risks facing the business are foreign exchange and credit risks:

### **Foreign Exchange Risk**

The majority of sales are in GBP and are therefore unaffected by currency fluctuations, however the bulk of our raw material purchases are in either US Dollars or Euros. The associated foreign exchange risk is mitigated through purchasing foreign currency during periods where the prevailing rate is favourable, along with holding foreign currency bank accounts.

### **Credit Risk**

The Company applies credit limits to customers to minimise risk. Limits for new customers are set only once background checks have been carried out. In the majority of cases, a period of advance payment for orders is required before credit is considered.

Management play an active role in seeking prompt repayment of debtors and facilities are kept in place to deal with any shortfalls from non-payment.

We continue to monitor credit terms to all customers to enable Company exposure to bad debts to be kept to a minimum. Our policy is 'when in doubt', payment is collected in advance to minimise credit risk.

Nautic Steels Limited

**Strategic Report (continued)**  
**For the Year Ended 28 February 2018**

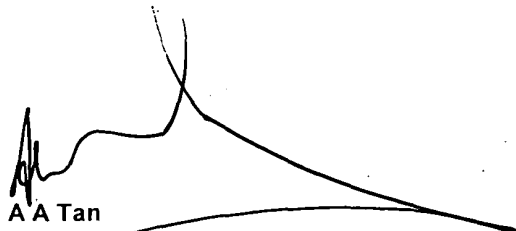
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**Financial key performance indicators**

We consider that our key performance indicators are those that communicate the financial performance and strength of the Company as a whole, these being turnover, gross profit margin, net asset position and debtor days.

The Company hopes to be profitable in FY2019 with its emphasis on higher sales of other product groups such as nickel alloys, which will increase sales and profits.

This report was approved by the board on **23<sup>rd</sup> MAY 2018** and signed on its behalf.



A A Tan  
Director

## **Nautic Steels Limited**

### **Directors' Report For the Year Ended 28 February 2018**

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The directors present their report and the financial statements for the year ended 28 February 2018.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £295,881 (2017 - £944,156).

#### **Directors**

The directors who served during the year were:

T L Chew  
T K Goh  
J T V Hsien  
A A Tan  
W C Wang

#### **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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

#### **Future developments**

The Company hopes to be profitable in FY2019 with its emphasis on higher sales of other product groups such as nickel alloys, which will increase sales and profits.

#### **Financial risk management**

Foreign exchange and credit risks are risks which are significant to the Company. Details of these risks, and mitigating factors in place are included within the Strategic Report.

**Nautic Steels Limited**

**Directors' Report (continued)  
For the Year Ended 28 February 2018**

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**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**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.

**Auditors**

The auditors, Dains LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on **23<sup>rd</sup> MAY 2018** and signed on its behalf.



**A A Tan  
Director**

**Independent Auditors' Report to the Members of Nautic Steels Limited**

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**Opinion**

We have audited the financial statements of Nautic Steels Limited (the 'Company') for the year ended 28 February 2018, which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2018 and of its 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.

**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.

**Independent Auditors' Report to the Members of Nautic Steels Limited (continued)**

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**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.

**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.

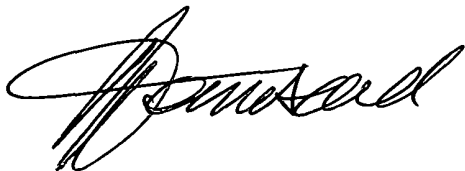
In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.



Julian Townsend ACA FCCA (Senior statutory auditor)

for and on behalf of  
**Dains LLP**

Statutory Auditor  
Chartered Accountants

Birmingham  
Date:

**Nautic Steels Limited**

**Profit and Loss Account  
For the Year Ended 28 February 2018**

	<b>Note</b>	<b>2018 £</b>	<b>2017 £</b>
Turnover	4	5,075,635	4,683,693
Cost of sales		(3,830,193)	(3,754,307)
<b>Gross profit</b>		<b>1,245,442</b>	<b>929,386</b>
Distribution costs		(102,463)	(46,309)
Administrative expenses		(1,439,902)	(1,827,548)
<b>Operating loss</b>	5	<b>(296,923)</b>	<b>(944,471)</b>
Interest receivable and similar income	9	1,150	163
<b>Loss before tax</b>		<b>(295,773)</b>	<b>(944,308)</b>
Tax on loss	10	(108)	152
<b>Loss for the financial year</b>		<b>(295,881)</b>	<b>(944,156)</b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the profit and loss account.

The notes on pages 12 to 21 form part of these financial statements.

**Nautic Steels Limited**

**Statement of Comprehensive Income  
For the Year Ended 28 February 2018**

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	2018 £	2017 £
Loss for the financial year	(295,881)	(944,156)
<b>Total comprehensive income for the year</b>	<b>(295,881)</b>	<b>(944,156)</b>

The notes on pages 12 to 21 form part of these financial statements.

Nautic Steels Limited  
Registered number: 02302004

Balance Sheet  
As at 28 February 2018

	Note	2018 £	2017 £
<b>Current assets</b>			
Stocks	11	5,778,168	5,395,018
Debtors: amounts falling due within one year	12	1,183,221	1,205,256
Cash at bank and in hand	13	167,874	346,196
		<u>7,129,263</u>	<u>6,946,470</u>
Creditors: amounts falling due within one year	14	(3,540,812)	(3,062,138)
<b>Net current assets</b>		<u>3,588,451</u>	<u>3,884,332</u>
<b>Total assets less current liabilities</b>		<u>3,588,451</u>	<u>3,884,332</u>
<b>Net assets</b>		<u>3,588,451</u>	<u>3,884,332</u>
<b>Capital and reserves</b>			
Called up share capital	16	100,000	100,000
Profit and loss account	17	3,488,451	3,784,332
		<u>3,588,451</u>	<u>3,884,332</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on **23<sup>rd</sup> MAY 2018**

  
A A Tan  
Director

The notes on pages 12 to 21 form part of these financial statements.

**Nautic Steels Limited**

**Statement of Changes in Equity  
For the Year Ended 28 February 2018**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£
At 1 March 2017	100,000	3,784,332	3,884,332
<b>Comprehensive income for the year</b>			
Loss for the year	-	(295,881)	(295,881)
<b>At 28 February 2018</b>	<u>100,000</u>	<u>3,488,451</u>	<u>3,588,451</u>

**Statement of Changes in Equity  
For the Year Ended 28 February 2017**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£
At 1 March 2016	100,000	4,728,488	4,828,488
<b>Comprehensive income for the year</b>			
Loss for the year	-	(944,156)	(944,156)
<b>At 28 February 2017</b>	<u>100,000</u>	<u>3,784,332</u>	<u>3,884,332</u>

The notes on pages 12 to 21 form part of these financial statements.

**Notes to the Financial Statements  
For the Year Ended 28 February 2018**

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**1. General information**

Nautic Steels Limited is a private company, limited by shares and incorporated in England and Wales. The trading address and the Company's registered office address are detailed within the company information page of these financial statements. The company's principal activity is the manufacture of pipes, fittings, flanges and ancillary equipment.

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

The following principal accounting policies have been applied:

**2.2 Going concern**

The directors have received confirmation from the ultimate parent company, Pantech Group Holdings Berhad, that it will provide adequate financial assistance and other support sufficient to allow the company to continue to trade for a period of at least twelve months from the date of this report and to meet its financial and other commitments as they fall due. As a result, the financial statements have been prepared on a going concern basis.

**2.3 Cash flow**

The Company, being a wholly owned subsidiary whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with Financial Reporting Standard 102.

**Notes to the Financial Statements  
For the Year Ended 28 February 2018**

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**2. Accounting policies (continued)**

**2.4 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. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**2.5 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

**2.6 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. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet 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.

**2.7 Debtors**

Short term debtors are measured at transaction price, less any impairment.

**Notes to the Financial Statements  
For the Year Ended 28 February 2018**

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**2. Accounting policies (continued)**

**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, and loans from banks and group undertakings.

**2.9 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

**2.10 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.11 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

**2.12 Finance costs**

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.



**Notes to the Financial Statements  
For the Year Ended 28 February 2018**

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**2. Accounting policies (continued)**

**2.13 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

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.

**2.14 Interest income**

Interest income is recognised in the Profit and loss account using the effective interest method.

**2.15 Borrowing costs**

All borrowing costs are recognised in the Profit and loss account in the year in which they are incurred.

**2.16 Taxation**

Tax is recognised in the Profit and loss account, 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 balance sheet date in the countries where the Company operates and generates income.

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

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Management is required to exercise significant judgement in estimating the slow moving stock provision, which takes into account the ageing of stock and its likelihood of being sold.

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

**Notes to the Financial Statements  
For the Year Ended 28 February 2018**

**4. Turnover**

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Milling, machining and welding of tube	<u>5,075,635</u>	<u>4,683,693</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	1,422,343	1,403,708
Rest of Europe	863,852	767,670
Rest of the world	2,789,440	2,512,315
	<u>5,075,635</u>	<u>4,683,693</u>

**5. Operating loss**

The operating loss is stated after charging:

	2018 £	2017 £
Exchange differences	(18,192)	5,643
Defined contribution pension cost	<u>9,836</u>	<u>9,529</u>

**6. Auditors' remuneration**

	2018 £	2017 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	11,210	11,000
<b>Fees payable to the Company's auditor in respect of:</b>		
Other services relating to taxation	1,250	1,200
All other services	-	1,650
	<u>1,250</u>	<u>2,850</u>

Notes to the Financial Statements  
For the Year Ended 28 February 2018

7. Employees

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

	2018 £	2017 £
Wages and salaries	1,077,781	1,103,201
Social security costs	97,015	95,563
Cost of defined contribution scheme	9,836	9,529
	<u>1,184,632</u>	<u>1,208,293</u>

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

	2018 No.	2017 No.
Directors	5	5
Office management	11	17
Production	31	30
	<u>47</u>	<u>52</u>

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	<u>119,719</u>	<u>108,509</u>

9. Interest receivable and similar income

	2018 £	2017 £
Other interest receivable	<u>1,150</u>	<u>163</u>

**Notes to the Financial Statements  
For the Year Ended 28 February 2018**

**10. Tax on loss**

	2018 £	2017 £
<b>Corporation tax</b>		
Adjustments in respect of previous periods	108	(152)
<b>Total current tax</b>	<u>108</u>	<u>(152)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19.08% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Loss before tax	<u>(295,773)</u>	<u>(944,308)</u>
Loss multiplied by standard rate of corporation tax in the UK of 19.08% (2017 - 20%)	(56,448)	(188,862)
<b>Effects of:</b>		
Adjustments to tax charge in respect of prior periods	108	(152)
Unrelieved tax losses carried forward	-	89,566
Other differences leading to a decrease in the tax charge	(53)	(67)
Group relief surrendered	56,501	99,363
<b>Total tax charge for the year</b>	<u>108</u>	<u>(152)</u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**11. Stocks**

	2018 £	2017 £
Raw materials and consumables	1,949,558	1,673,728
Work in progress	56,774	32,870
Finished goods and goods for resale	3,771,836	3,688,420
	<u>5,778,168</u>	<u>5,395,018</u>

Stocks are stated after provisions for impairment of £276,892 (2017 - £195,123).

**Notes to the Financial Statements  
For the Year Ended 28 February 2018**

**12. Debtors**

	2018 £	2017 £
Trade debtors	1,013,238	1,114,966
Other debtors	94,490	11,870
Prepayments and accrued income	75,493	78,420
	<u>1,183,221</u>	<u>1,205,256</u>

Trade debtors are stated after provisions for impairment of £428,767 (2017 - £510,000).

**13. Cash and cash equivalents**

	2018 £	2017 £
Cash at bank and in hand	<u>167,874</u>	<u>346,196</u>

**14. Creditors: Amounts falling due within one year**

	2018 £	2017 £
Bank loans	355,043	278,488
Trade creditors	214,096	146,385
Amounts owed to group undertakings	2,721,727	2,443,880
Other taxation and social security	24,565	33,654
Other creditors	14,443	13,034
Accruals and deferred income	210,938	146,697
	<u>3,540,812</u>	<u>3,062,138</u>

The bank loans are secured by a multilateral guarantee given by Nautic Steels Limited and Nautic Steels (Holdings) Limited.

Amounts owed to group undertakings are unsecured, with no fixed date of repayment, being repayable on demand. Interest is charged at a commercial rate, being between 3% and 5% above the Bank of England base rate.

**Notes to the Financial Statements  
For the Year Ended 28 February 2018**

**15. Financial instruments**

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets measured at undiscounted amounts receivable	<u>1,275,602</u>	<u>1,473,032</u>
<b>Financial liabilities</b>		
Financial liabilities measured at undiscounted amounts payable	<u>(3,516,247)</u>	<u>(3,028,484)</u>

Financial assets measured at undiscounted amounts receivable comprise trade debtors, other debtors and cash at bank and in hand.

Financial liabilities measured at undiscounted amounts payable comprise bank loans, trade creditors, amounts owed to group undertakings, other creditors and accruals.

**16. Share capital**

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

**17. Reserves**

**Profit and loss account**

The profit and loss account includes all current and prior period retained profit and losses and represents the amount of distributable reserves available to the Company.

**18. Pension commitments**

The Company made contributions to personal pension plans of its employees in the year. The pension cost charge represents contributions payable to these personal pension plans and amounted to £9,836 (2017 - £9,529). The amounts payable into the scheme at the year end amounted to £Nil (2017 - £Nil).

**Notes to the Financial Statements  
For the Year Ended 28 February 2018**

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**19. Commitments under operating leases**

At 28 February 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	2,376	4,799
Later than 1 year and not later than 5 years	4,058	1,000
	<u>6,434</u>	<u>5,799</u>

**20. Other financial commitments**

**Bonds**

At the year end the Company had bonds in place with customers totalling £64,577 (2017 - £75,543) in relation to performance guarantees.

**21. Related party transactions**

In accordance with Financial Reporting Standard 102, transactions with other group undertakings do not need to be disclosed on the basis that any subsidiary which is a party to the transaction is wholly owned by the ultimate parent company, Pantech Group Holdings Berhad, and the Company's results are included in their publicly available consolidated financial statements.

**Other related party transactions**

The total remuneration for key management personnel for the year totalled £185,529 (2017 - £172,191).

**22. Controlling party**

The immediate parent undertaking is Nautic Steels (Holdings) Limited.

The Company's ultimate parent undertaking and controlling party is Pantech Group Holdings Berhad, a company incorporated in Malaysia.

Consolidated financial statements, within which this Company's results are included, are available from Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur.