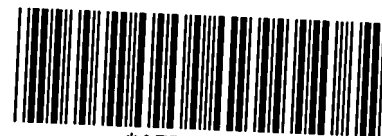


"Co House" copy

Company Registration No. 02778086 (England and Wales)

**PADLEY & VENABLES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

SATURDAY



A07 \*A7D2Q883\* 25/08/2018 #261  
COMPANIES HOUSE

# PADLEY & VENABLES LIMITED

## COMPANY INFORMATION

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<b>Director</b>	F M Brunner
<b>Secretary</b>	D Bradwell
<b>Company number</b>	02778086
<b>Registered office</b>	Callywhite Lane Dronfield Nr Sheffield S18 6XT
<b>Auditor</b>	BHP LLP 2 Rutland Park Sheffield S10 2PD
<b>Business address</b>	Callywhite Lane Dronfield Nr Sheffield S18 6XT
<b>Bankers</b>	National Westminster Bank plc 42 High Street Sheffield S1 2GE

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# **PADLEY & VENABLES LIMITED**

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# **PADLEY & VENABLES LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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The director presents the strategic report for the year ended 31 December 2017.

### **Fair review of the business**

Our objective is to present a balanced and practical review of the development and performance of our business during the year and its position at the year end. Our review is intended to reflect the size and nature of our business and is written in the context of the risks and uncertainties we face.

The company is a manufacturer of specialised Bar Steels and Consumable Accessories for use in the Mining and Construction Industries throughout the World. The Company's activities are organised into two manufacturing divisions – Padley & Venables and Bedford Steels. In summary, the activities of the two divisions can be summarised as follows:-

### **Bedford Steels**

Bedford Steels is a steel re-rolling facility, manufacturing a range of specialised Hollow and Solid Bar Sections for the Mining, Construction and General Engineering Industries. These products are supplied to manufacturers of consumable tools throughout the world.

### **Padley & Venables**

Padley & Venables manufactures consumable tools for the Mining, Quarrying and Construction Industries. These products are divided into three main groups, Rock Drilling Accessories, Tools for boom mounted Breakers and Tools for hand held pneumatic/hydraulic Breakers. These products are marketed throughout the world, under two brand names, "P&V" and "Thomas Turton/Crossbow".

### **Key performance indicators**

We consider that our key financial performance indicators are those that convey the financial performance and strength of the company as a whole, these being turnover, gross margin and return on capital employed.

The upturn in market conditions gathered momentum through the year which led to an appreciable increase in turnover. The increase was spread across all product groups. Gross margin was squeezed a little, but not significantly, and whilst net margin did not rise in line with turnover it remained healthy.

The company continues to pursue its strategy of continual investment in order to keep itself well positioned in an ever changing environment.

EBT increased to £2,827K from £2,595K. Return on capital employed has remained steady at 10%. Profit after tax of £2,189K has been added to reserves.

On behalf of the board



F M Brunner

Director

20.8.18

# **PADLEY & VENABLES LIMITED**

## **DIRECTOR'S REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

---

The director presents his annual report and financial statements for the year ended 31 December 2017.

#### **Principal activities**

The principal activity of the company is the manufacture of Drilling Equipment, Demolition Tools and Rolled Steel Products.

#### **Director**

The director who held office during the year and up to the date of signature of the financial statements was as follows:

F M Brunner

#### **Results and dividends**

The results for the year are set out on page 6.

No interim ordinary dividends were paid during the year. The director does not recommend payment of a final dividend.

#### **Auditor**

In accordance with the company's articles, a resolution proposing that BHP LLP be reappointed as auditor of the company will be put at a General Meeting.

#### **Statement of director's responsibilities**

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 director is 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. He is 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.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

# PADLEY & VENABLES LIMITED

## DIRECTOR'S REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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On behalf of the board



.....  
F M Brunner

Director

Date: 22-8-18

# **PADLEY & VENABLES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF PADLEY & VENABLES LIMITED**

---

#### **Opinion**

We have audited the financial statements of Padley & Venables Limited (the 'company') for the year ended 31 December 2017 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, 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).

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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

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

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

# **PADLEY & VENABLES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF PADLEY & VENABLES LIMITED**

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### **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 and the director's report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of director**

As explained more fully in the director's responsibilities statement, the director is 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 director is 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 director 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

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

**Charles Ringrose (Senior Statutory Auditor)**  
for and on behalf of BHP LLP

20.8.18

**Chartered Accountants**  
**Statutory Auditor**

2 Rutland Park  
Sheffield  
S10 2PD

# PADLEY & VENABLES LIMITED

## PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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	Notes	2017 £	2016 £
Turnover	3	20,619,286	18,571,863
Cost of sales		(14,027,244)	(12,280,140)
<b>Gross profit</b>		<b>6,592,042</b>	<b>6,291,723</b>
Distribution costs		(1,879,662)	(1,845,934)
Administrative expenses		(2,003,125)	(2,004,857)
<b>Operating profit</b>	4	<b>2,709,255</b>	<b>2,440,932</b>
Interest receivable and similar income	7	117,560	154,523
<b>Profit before taxation</b>		<b>2,826,815</b>	<b>2,595,455</b>
Tax on profit	8	(638,187)	(520,889)
<b>Profit for the financial year</b>		<b>2,188,628</b>	<b>2,074,566</b>

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The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# **PADLEY & VENABLES LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017**

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	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Profit for the year</b>	<b>2,188,628</b>	<b>2,074,566</b>
	<u>          </u>	<u>          </u>
<b>Other comprehensive income</b>		
Actuarial (loss)/gain on defined benefit pension schemes	(257,000)	720,000
Tax relating to other comprehensive income	125,020	(136,800)
	<u>          </u>	<u>          </u>
<b>Other comprehensive income for the year</b>	<b>(131,980)</b>	<b>583,200</b>
	<u>          </u>	<u>          </u>
<b>Total comprehensive income for the year</b>	<b>2,056,648</b>	<b>2,657,766</b>
	<u>          </u>	<u>          </u>

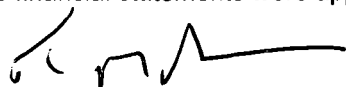
# PADLEY & VENABLES LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	10	5,561,451		5,666,581	
Investment properties	11	294,418		294,418	
		<u>5,855,869</u>		<u>5,960,999</u>	
<b>Current assets</b>					
Stocks	12	10,186,109		9,479,903	
Debtors	13	6,087,655		5,772,321	
Cash at bank and in hand		7,283,575		6,353,802	
		<u>23,557,339</u>		<u>21,606,026</u>	
<b>Creditors: amounts falling due within one year</b>	14	(1,917,397)		(2,621,842)	
<b>Net current assets</b>		<u>21,639,942</u>		<u>18,984,184</u>	
<b>Total assets less current liabilities</b>		<u>27,495,811</u>		<u>24,945,183</u>	
<b>Provisions for liabilities</b>	15	(375,400)		(414,400)	
<b>Net assets excluding pension surplus</b>		<u>27,120,411</u>		<u>24,530,783</u>	
<b>Defined benefit pension surplus</b>	18	2,974,320		3,507,300	
<b>Net assets</b>		<u><u>30,094,731</u></u>		<u><u>28,038,083</u></u>	
<b>Capital and reserves</b>					
Called up share capital	17	1,600,002		1,600,002	
Profit and loss reserves		28,494,729		26,438,081	
<b>Total equity</b>		<u><u>30,094,731</u></u>		<u><u>28,038,083</u></u>	

The financial statements were approved and signed by the director and authorised for issue on 20.8.18



F M Brunner  
Director

Company Registration No. 02778086

# PADLEY & VENABLES LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2016</b>	1,600,002	23,780,315	25,380,317
<b>Year ended 31 December 2016:</b>			
Profit for the year	-	2,074,566	2,074,566
Other comprehensive income:			
Actuarial gains on defined benefit plans	-	720,000	720,000
Tax relating to other comprehensive income	-	(136,800)	(136,800)
<b>Total comprehensive income for the year</b>	-	2,657,766	2,657,766
<b>Balance at 31 December 2016</b>	1,600,002	26,438,081	28,038,083
<b>Year ended 31 December 2017:</b>			
Profit for the year	-	2,188,628	2,188,628
Other comprehensive income:			
Actuarial losses on defined benefit plans	-	(257,000)	(257,000)
Tax relating to other comprehensive income	-	125,020	125,020
<b>Total comprehensive income for the year</b>	-	2,056,648	2,056,648
<b>Balance at 31 December 2017</b>	1,600,002	28,494,729	30,094,731

# PADLEY & VENABLES LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	25	2,324,489		2,267,452	
Income taxes paid		(633,953)		(212,646)	
<b>Net cash inflow from operating activities</b>		<b>1,690,536</b>		<b>2,054,806</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(779,598)		(899,703)	
Proceeds on disposal of tangible fixed assets		16,275		148,032	
Proceeds from other investments and loans		-		833,333	
Interest received		2,560		5,523	
<b>Net cash (used in)/generated from investing activities</b>		<b>(760,763)</b>		<b>87,185</b>	
<b>Net cash used in financing activities</b>		<b>-</b>		<b>-</b>	
<b>Net increase in cash and cash equivalents</b>		<b>929,773</b>		<b>2,141,991</b>	
Cash and cash equivalents at beginning of year		6,353,802		4,211,811	
<b>Cash and cash equivalents at end of year</b>		<b>7,283,575</b>		<b>6,353,802</b>	

# PADLEY & VENABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017

---

#### 1 Accounting policies

##### Company information

Padley & Venables Limited is a private company limited by shares incorporated in England and Wales. The registered office is Callywhite Lane, Dronfield, Nr Sheffield, S18 6XT.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

##### 1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT.

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

##### 1.4 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

##### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2.5% straight line
Land and buildings Leasehold	2.5% straight line
Plant and machinery	10% - 16.6% straight line
Fixtures & fittings	16.6% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

# PADLEY & VENABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

---

### 1 Accounting policies

(Continued)

#### 1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

#### 1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

#### 1.9 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks.

#### 1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

##### **Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

# PADLEY & VENABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

---

#### 1 Accounting policies

(Continued)

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# PADLEY & VENABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

---

#### 1 Accounting policies

(Continued)

##### **Deferred tax**

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

##### **1.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

##### **1.14 Retirement benefits**

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

##### **1.15 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. 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.

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# PADLEY & VENABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017	2016
	£	£
<b>Turnover</b>		
Sales	20,619,286	18,571,863

In the opinion of the directors the disclosure of the geographical analysis of turnover would be seriously prejudicial to the interests of the company. This information has therefore not been disclosed.

### 4 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	(503,442)	(449,660)
Fees payable to the company's auditors for the audit of the company's financial statements	25,370	24,850
Depreciation of owned tangible fixed assets	884,728	770,013
Profit on disposal of tangible fixed assets	(16,275)	(35,125)
Operating lease charges	27,352	26,543

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017	2016
	Number	Number
Production	144	146
Selling and administration	49	44
	193	190

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	5,811,048	5,402,442
Social security costs	538,549	507,592
Pension costs	39,316	37,911
	6,388,913	5,947,945

# PADLEY & VENABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 6 Director's remuneration

	2017 £	2016 £
Remuneration for qualifying services	275,649	302,033

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	275,649	302,033
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### 7 Interest receivable and similar income

	2017 £	2016 £
<b>Interest income</b>		
Return on pension scheme asset	115,000	149,000
Other interest income	2,560	5,523
Total income	117,560	154,523

### 8 Taxation

	2017 £	2016 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	643,234	586,126
Foreign current tax on profits for the current period	33,953	31,363
Total current tax	677,187	617,489
<b>Deferred tax</b>		
Origination and reversal of timing differences	(39,000)	10,900
Changes in tax rates	-	(39,670)
Movement in pension provision	-	(67,830)
Total deferred tax	(39,000)	(96,600)
Total tax charge	638,187	520,889

# PADLEY & VENABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 8 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	2,826,815	2,595,455
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%)	537,095	519,091
Tax effect of expenses that are not deductible in determining taxable profit	82,868	82,186
Change in unrecognised deferred tax assets	(2,789)	(1,769)
Effect of change in corporation tax rate	8,406	(39,670)
Double tax relief	(12,895)	(14,435)
Other permanent differences	12,111	11,953
Other tax adjustments	-	(67,830)
Foreign tax	33,953	31,363
Effect of change in deferred tax rates	(20,562)	-
Tax expense for the year	638,187	520,889

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2017 £	2016 £
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	(125,020)	136,800

### 9 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 January 2017 and 31 December 2017	379,109
<b>Amortisation and impairment</b>	
At 1 January 2017 and 31 December 2017	379,109
<b>Carrying amount</b>	
At 31 December 2017	-
At 31 December 2016	-

# PADLEY & VENABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 10 Tangible fixed assets

	Freehold land and buildings	Land and buildings Leasehold	Plant and machinery	Fixtures & Motor vehicles fittings	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2017	1,624,744	356,304	10,000,950	825,561	13,185,621
Additions	-	-	695,378	33,000	779,598
Disposals	-	-	-	(73,109)	(73,109)
At 31 December 2017	1,624,744	356,304	10,696,328	858,561	13,892,110
<b>Depreciation and impairment</b>					
At 1 January 2017	735,774	145,439	5,864,891	510,138	7,519,040
Depreciation charged in the year	40,620	8,908	715,369	67,814	884,728
Eliminated in respect of disposals	-	-	-	(73,109)	(73,109)
At 31 December 2017	776,394	154,347	6,580,260	577,952	8,330,659
<b>Carrying amount</b>					
At 31 December 2017	848,350	201,957	4,116,068	280,609	5,561,451
At 31 December 2016	888,970	210,865	4,136,059	315,423	5,666,581

### 11 Investment property

	2017 £
<b>Fair value</b>	
At 1 January 2017 and 31 December 2017	294,418

Had the property been valued in the accounts on a historical cost basis, it would be included at £294,418 (2016: £294,418).

### 12 Stocks

	2017 £	2016 £
Raw materials and consumables	3,615,201	3,225,360
Work in progress	1,986,361	1,681,336
Finished goods and goods for resale	4,584,547	4,573,207
	10,186,109	9,479,903

# PADLEY & VENABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 13 Debtors

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Trade debtors	3,692,060	3,320,058
Amounts owed by group undertakings	1,997,635	1,891,753
Other debtors	289,400	462,981
Prepayments and accrued income	108,560	97,529
	<u>6,087,655</u>	<u>5,772,321</u>

### 14 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	1,007,351	1,527,646
Amounts due to fellow group undertakings	5,327	35,403
Corporation tax	298,675	255,441
Other taxation and social security	260,491	248,286
Other creditors	69,809	80,484
Accruals and deferred income	275,744	474,582
	<u>1,917,397</u>	<u>2,621,842</u>

### 15 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	16	<u>375,400</u>	<u>414,400</u>

### 16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 £	Liabilities 2016 £
<b>Balances:</b>		
ACAs	<u>375,400</u>	<u>414,400</u>

# PADLEY & VENABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

16 Deferred taxation		(Continued)
		2017 £
Movements in the year:		
Liability at 1 January 2017		414,400
Credit to profit or loss		(39,000)
Liability at 31 December 2017		<u>375,400</u>
17 Share capital		
	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
1,600,002 Ordinary shares of £1 each		1,600,002
		<u>1,600,002</u>
		<u>1,600,002</u>

# PADLEY & VENABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 18 Retirement benefits

The group operates a defined benefit pension scheme the assets of which are held in a separate trustee administered fund. A full actuarial valuation of the scheme was carried out as at 5 April 2016.

The valuation used for FRS 102 disclosures has been based on a full assessment of the assets of the scheme as at 31 December 2017.

#### Amounts recognised in the balance sheet

	2017 £000	2016 £000
Fair value of scheme assets	72,306	71,559
Present value of scheme liabilities	(54,314)	(55,068)
Surplus in the scheme	17,992	16,491
Effect of asset ceiling	(14,320)	(12,161)
	3,672	4,330
Related deferred tax liability	(698)	(823)
Net pension surplus	2,974	3,507

#### Amounts recognised in the profit and loss account

	2017 £000	2016 £000
Current service cost	454	395
Net interest cost	(115)	(149)
Administrative costs	62	111
Net pension cost recognised in the profit and loss account	401	357

#### Amounts recognised in other comprehensive income

Actuarial (gains) losses	(237)	9,420
Return on scheme assets (excluding interest income)	(1,343)	(9,074)
Changes in asset ceiling (excluding interest income)	1,837	2,379
Effect of experience adjustments	-	(3,445)
Net (gain)/loss recognised in other comprehensive income	257	(720)

# PADLEY & VENABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

18 Retirement benefits	(Continued)	
<b>Change in scheme assets</b>	<b>2017 £000</b>	<b>2016 £000</b>
Fair value of scheme assets at 1 January 2017	71,559	62,326
Return on scheme assets (excluding interest income)	1,343	9,074
Insurance premiums for risk benefits	(19)	(15)
Member contributions	51	57
Benefits paid	(2,430)	(2,099)
Administrative costs	(62)	(111)
Interest income	1,864	2,327
Fair value of scheme assets at 31 December 2017	72,306	71,559
Total return on scheme assets	3,207	11,401
<b>Change in scheme liabilities</b>	<b>2017 £000</b>	<b>2016 £000</b>
Scheme liabilities at 1 January 2017	55,068	48,935
Current service cost	454	395
Interest cost	1,427	1,820
Member contributions	51	57
Benefits paid	(2,430)	(2,099)
Insurance premiums for risk benefits	(19)	(15)
Actuarial (gains)/losses	(237)	5,975
Scheme assets at 31 December 2017	54,314	55,068
<b>Principal weighted average actuarial assumptions</b>		
Assumptions used to determine the scheme liabilities:	%	%
Discount rate	2.53%	2.65%
Rate of salary increases	3.40%	3.48%
Rate of RPI price inflation	3.40%	3.48%
Rate of CPI price inflation	2.40%	2.48%
Rate of pension increases capped at 5% per annum	2.36%	2.50%
Assumptions used to determine the net pension cost:		
Discount rate	2.65%	3.80%
Rate of salary increases	3.48%	3.30%
Rate of RPI price inflation	3.48%	3.30%
Rate of CPI price inflation	2.48%	2.30%
Rate of pension increases capped at 5% per annum	2.50%	2.30%

# PADLEY & VENABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 18 Retirement benefits

(Continued)

Life expectancy assumptions on the post retirement mortality table used to determine benefit obligations:

	2017 Years	2016 Years
Member age 65 (current life expectancy)	22.60	22.50
Member age 45 (life expectancy at age 65)	25.30	25.20
	2017 £000	2016 £000
<b>Balance sheet reconciliation</b>		
Surplus in the scheme at 1 January 2017	4,330	3,967
Recognised in the profit and loss account	(401)	(357)
Amounts recognised in other comprehensive income	(257)	720
Surplus in the scheme at 31 December 2017	3,672	4,330

#### Defined contribution scheme

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Employee and employer contributions totalling £4,094 (2016: £2,770) were payable to the fund at the year end and are included in creditors.

	2017 £000	2016 £000
Charged to profit and loss account	39	38

### 19 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases for land and buildings, which fall due as follows:

	2017 £	2016 £
Within one year	26,960	26,543

### 20 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2017 £	2016 £
Acquisition of tangible fixed assets	400,276	42,075

# PADLEY & VENABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 21 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	655,707	644,230

#### Transactions with related parties

	2017 £	2016 £
Aggregate sales made to group companies:	5,720,309	5,072,497

Brunner & Lay Inc.  
Brunner Canada Inc.  
Brunner & Lay Australia Pty

Aggregate purchases from group companies:	47,055	167,895
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Brunner & Lay Inc.  
Brunner Canada Inc.

Freight recharges: Brunner & Lay Australia Pty	32,385	31,668
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The amounts owed by/ to other group companies at the year end are as follows:

Amounts owed to Padley & Venables Limited by:	2017 £	2016 £
Brunner & Lay Inc.	897,026	716,207
Brunner & Lay Australia Pty	1,100,609	1,175,546
	1,997,635	1,891,753

Amounts owed by Padley & Venables Limited to:	2017 £	2016 £
Brunner & Lay Inc.	5,327	35,403
	5,327	35,403

# PADLEY & VENABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 21 Related party transactions

(Continued)

The company is owed £61,803 (2016: £110,437) by the Padley and Venables Pension Fund as at the year end.

### 22 Controlling party

The company's ultimate parent undertaking is Brunner & Lay International Limited, a company incorporated in the USA. This is the only group to incorporate the results of the company.

### 23 Directors' transactions

Description	% Rate	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
F M Brunner -	3.00	72,370	30,979	2,560	67,342	38,567
		<u>72,370</u>	<u>30,979</u>	<u>2,560</u>	<u>67,342</u>	<u>38,567</u>

### 24 Subsidiaries

The company has four subsidiaries at a total cost of investment of £8. The companies, which are registered in England and Wales, are as follows:-

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct Indirect	
Bedford Rock Drill Components Limited	UK	Dormant	Ordinary	100	
Crossbow Demolition Tools Limited	UK	Dormant	Ordinary	100	
Crossbow Rock Drills Limited	UK	Dormant	Ordinary	100	
Thomas Turton Limited	UK	Dormant	Ordinary	100	

# PADLEY & VENABLES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 25 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	2,188,628	2,074,566
<b>Adjustments for:</b>		
Taxation charged	638,187	520,889
Investment income	(2,560)	(5,523)
Gain on disposal of tangible fixed assets	(16,275)	(35,125)
Depreciation and impairment of tangible fixed assets	884,728	770,013
Pension scheme non-cash movement	401,000	357,000
<b>Movements in working capital:</b>		
(Increase) in stocks	(706,206)	(729,732)
(Increase) in debtors	(372,387)	(1,440,880)
(Decrease)/increase in creditors	(690,626)	756,244
<b>Cash generated from operations</b>	<u>2,324,489</u>	<u>2,267,452</u>