

P & D Manufacturing Limited

Annual Report and Financial Statements
for the Year Ended 31 March 2018

P & D Manufacturing Limited

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P & D Manufacturing Limited

Company Information

Directors M A Rushin
A R Patel
A H Penton

Company secretary A R Patel

Registered office The Avon Building
Units 137 - 145 South Liberty Lane
Bedminster
Bristol
BS3 2TL

Solicitors Star Legal
11 Great George Street
Clifton
Bristol
BS1 5RR

Bankers Barclays Bank Plc
Corporate Banking
4th Floor
Bridgwater House
Finzels Reach
Counterslip
Bristol
BS1 6BX

Auditors Burton Sweet
Cooper House
Lower Charlton Estate
Shepton Mallet
Somerset
BA4 5QE

P & D Manufacturing Limited

Strategic Report Year Ended 31 March 2018

The directors present their strategic report for the year ended 31 March 2018.

Principal activity

The principal activity of the company is that of design, engineering, mould making, assembly and the production of technical plastic injection mouldings

Fair review of the business

The principal business of the company is technical plastic injection moulding with a diverse customer base, the company produces a variety of products predominantly for the automotive industry as well as the dairy industry. The company is also supported within the group and can offer customer driven innovative tool making and design.

With the use of modern machinery, long production runs with hourly checks and strong procurement policies which utilise group buying power, the company provides high quality, competitively priced products.

New premises

The company moved into its new factory and warehouse with no disruptions to customer supplies. The premises are custom fitted that allow the company to meet current and growing future demands and this lead to the to the company acquiring the unit immediately behind the main premises.

Results and key performance indicators

The directors and senior management maintain a policy of actively reviewing the performance of the business in terms of both key financial and non-financial measures.

This combined with a strong underpinning of cash flow control, stringent actual to budget analysis and environmental impact awareness ensures a fundamental understanding of the key risks and benefits inherent in the operating business environment as it develops throughout the year.

It was therefore pleasing that this year saw higher revenues and greater returns and the continued investment in cutting edge technology to further drive the business forward. The company has invested in recycling equipment that has resulted in cost savings and an environmentally friendly workplace.

P & D Manufacturing Limited

Strategic Report Year Ended 31 March 2018

Principal risks and uncertainties

The Company operates in a challenging environment which has many risks and uncertainties examples of some of the main risks are below:

Fluctuations in foreign currency exchange rates affecting operational results or the outcomes of financial transactions.

If the products, services and pricing do not remain competitive, this could result in the loss of market share, with attendant impact on long term performance.

Product performance not meeting expectations affecting safety and reliability with adverse long-term financial consequences,

Disruption of the supply chain due to external factors or failure to deliver parts to committed costs and quality reducing the ability to meet customer commitments, win future business or achieve operational results.

Failure to execute the programme to modernise infrastructure impacting efficiency and effectiveness of business operations.

Failure to minimise the environmental impact of the Company's products and operations leading to reputational damage and ultimately, loss of market share.

P & D Manufacturing Limited

Strategic Report Year Ended 31 March 2018

Risk Management

During the period the Directors continued to review the fundamental risks to the Company. Risk management is discussed and addressed regularly by senior management. Specific mitigation against the principal risks and uncertainties include:

- Ability to minimize current fluctuations by utilizing the Group's banking facility.
- The Company has progressively entered into "partnership" type arrangements with an increasing quality customer base improving more certainty around the trading relationships.
- The Company, in line with the Group evolution, has and continues to invest in training and quality improvements, liaising closely with key customers on quality issues and the design improvements in next generation products.
- A company can only successfully trade for over 30 years when it has established and maintains good relations with critical suppliers, a number of whom have supplied into the company for decades. Notwithstanding these close relations, alternative sources of the supply of materials and services is regularly reviewed and tested as well as discussing required actions to meet any possible breakdowns in supply with our major suppliers.
- Investment in equipment, technology and staff has always been recognised as vitally important not only to maintain efficiency but to ensure the Company differentiates itself, enabling new business to be won. The financial statements clearly demonstrate the Directors act decisively in this matter when appropriate.
- Environmental concerns are an integral part of our quality department's remit, ensuring these are addressed at an early stage in the design of next generation components and products.

Approved by the Board on 5 November 2018 and signed on its behalf by:

M A Rushin
Director

P & D Manufacturing Limited

Directors' Report Year Ended 31 March 2018

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

Directors of the company

The directors who held office during the year were as follows:

M A Rushin

A R Patel - Company secretary and director

A H Penton

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

The auditors Burton Sweet are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 5 November 2018 and signed on its behalf by:

M A Rushin
Director

P & D Manufacturing Limited

Statement of Directors' Responsibilities

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 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 and 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; and
- 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.

P & D Manufacturing Limited

Independent Auditor's Report to the Members of P & D Manufacturing Limited

Opinion

We have audited the financial statements of P & D Manufacturing Limited (the 'company') for the year ended 31 March 2018, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, 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 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 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 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

P & D Manufacturing Limited

Independent Auditor's Report to the Members of P & D Manufacturing Limited

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 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.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our 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 Directors' 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 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 Statement of Directors' Responsibilities [set out on page 6], 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.

P & D Manufacturing Limited

Independent Auditor's Report to the Members of P & D Manufacturing Limited

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

P & D Manufacturing Limited

Independent Auditor's Report to the Members of P & D Manufacturing Limited

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

.....
Neil Kingston FCA (Senior Statutory Auditor)
For and on behalf of Burton Sweet, Statutory Auditor
Cooper House
Lower Charlton Estate
Shepton Mallet
Somerset
BA4 5QE

5 November 2018

P & D Manufacturing Limited

Profit and Loss Account Year Ended 31 March 2018

| | Note | 2018 £ | 2017 £ |
|--------------------------------------|-----------|--------------------|--------------------|
| Turnover | <u>4</u> | 6,556,346 | 6,149,738 |
| Cost of sales | | <u>(4,994,275)</u> | <u>(4,555,988)</u> |
| Gross profit | | 1,562,071 | 1,593,750 |
| Distribution costs | | (67,790) | (63,911) |
| Administrative expenses | | <u>(1,039,480)</u> | <u>(1,145,654)</u> |
| Operating profit | | 454,801 | 384,185 |
| Interest payable and similar charges | <u>6</u> | <u>(10,434)</u> | <u>(48,065)</u> |
| | | <u>(10,434)</u> | <u>(48,065)</u> |
| Profit before tax | | 444,367 | 336,120 |
| Taxation | <u>10</u> | <u>(28,742)</u> | <u>(44,196)</u> |
| Profit for the financial year | | <u>415,625</u> | <u>291,924</u> |

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 15 to 27 form an integral part of these financial statements.

P & D Manufacturing Limited

Statement of Comprehensive Income Year Ended 31 March 2018

| | Note | 2018 £ | 2017 £ |
|---|------|-----------------------|-----------------------|
| Profit for the year | | <u>415,625</u> | <u>291,924</u> |
| Total comprehensive income for the year | | <u><u>415,625</u></u> | <u><u>291,924</u></u> |

The notes on pages 15 to 27 form an integral part of these financial statements.

P & D Manufacturing Limited

(Registration number: 03035814)

Balance Sheet

31 March 2018

| | Note | 2018 £ | 2017 £ |
|---|-----------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | <u>12</u> | 1,141,658 | 1,240,764 |
| Current assets | | | |
| Stocks | <u>13</u> | 670,621 | 611,864 |
| Debtors | <u>14</u> | 2,075,863 | 2,023,566 |
| Cash at bank and in hand | | 154,252 | 158,009 |
| | | <u>2,900,736</u> | <u>2,793,439</u> |
| Creditors: Amounts falling due within one year | <u>18</u> | <u>(2,323,725)</u> | <u>(2,465,989)</u> |
| Net current assets | | <u>577,011</u> | <u>327,450</u> |
| Total assets less current liabilities | | 1,718,669 | 1,568,214 |
| Provisions for liabilities | <u>16</u> | <u>(4,647)</u> | <u>(15,270)</u> |
| Net assets | | <u>1,714,022</u> | <u>1,552,944</u> |
| Capital and reserves | | | |
| Called up share capital | <u>19</u> | 10,000 | 10,000 |
| Capital redemption reserve | | 1 | 1 |
| Profit and loss account | | <u>1,704,021</u> | <u>1,542,943</u> |
| Total equity | | <u>1,714,022</u> | <u>1,552,944</u> |

Approved and authorised by the Board on 5 November 2018 and signed on its behalf by:

M A Rushin

Director

The notes on pages 15 to 27 form an integral part of these financial statements.

P & D Manufacturing Limited

Statement of Changes in Equity Year Ended 31 March 2018

| | Share capital £ | Capital redemption reserve £ | Profit and loss account £ | Total £ |
|----------------------------|--------------------|---------------------------------------|---------------------------------|------------|
| At 1 April 2017 | 10,000 | 1 | 1,542,943 | 1,552,944 |
| Profit for the year | - | - | 415,625 | 415,625 |
| Total comprehensive income | - | - | 415,625 | 415,625 |
| Dividends | - | - | (254,547) | (254,547) |
| At 31 March 2018 | 10,000 | 1 | 1,704,021 | 1,714,022 |

| | Share capital £ | Capital redemption reserve £ | Profit and loss account £ | Total £ |
|----------------------------|--------------------|---------------------------------------|---------------------------------|------------|
| At 1 April 2016 | 10,000 | 1 | 1,251,019 | 1,261,020 |
| Profit for the year | - | - | 291,924 | 291,924 |
| Total comprehensive income | - | - | 291,924 | 291,924 |
| At 31 March 2017 | 10,000 | 1 | 1,542,943 | 1,552,944 |

The notes on pages 15 to 27 form an integral part of these financial statements.

P & D Manufacturing Limited

Notes to the Financial Statements Year Ended 31 March 2018

1 General information

The company is incorporated and domiciled in England.

The address of its registered office is:
The Avon Building
Units 137 - 145 South Liberty Lane
Bedminster
Bristol
BS3 2TL

The principal place of business is:
21 Porte Marsh Road
Calne
Wiltshire
SN11 9BW

2 Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

3 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

Foreign currency transactions and balances

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

P & D Manufacturing Limited

Notes to the Financial Statements Year Ended 31 March 2018

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

| Asset class | Depreciation method and rate |
|-------------------------------------|--|
| Leasehold property | 5%-25% per annum straight line |
| Other property, plant and equipment | 10%-25% per annum straight line and 15% per annum reducing balance |
| Furniture, fittings & equipment | 10%-33% per annum straight line and 15% per annum reducing balance |
| Motor vehicles | 20%-25% per annum straight line and 25% per annum reducing balance |

P & D Manufacturing Limited

Notes to the Financial Statements Year Ended 31 March 2018

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

| Asset class | Amortisation method and rate |
|--------------------|-------------------------------------|
| Goodwill | over 10 years |

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are 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.

P & D Manufacturing Limited

Notes to the Financial Statements Year Ended 31 March 2018

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

P & D Manufacturing Limited

Notes to the Financial Statements Year Ended 31 March 2018

4 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

| | 2018 | 2017 |
|---------------|------------------|------------------|
| | £ | £ |
| Sale of goods | <u>6,556,346</u> | <u>6,149,738</u> |

The analysis of the company's revenue for the year by market is as follows:

| | 2018 | 2017 |
|---------------|------------------|------------------|
| | £ | £ |
| UK | 3,991,345 | 3,743,811 |
| Rest of world | <u>2,565,001</u> | <u>2,405,927</u> |
| | <u>6,556,346</u> | <u>6,149,738</u> |

5 Operating profit

Arrived at after charging/(crediting)

| | 2018 | 2017 |
|----------------------|----------------|----------------|
| | £ | £ |
| Depreciation expense | <u>193,579</u> | <u>149,009</u> |

6 Interest payable and similar expenses

| | 2018 | 2017 |
|--|---------------|---------------|
| | £ | £ |
| Interest on obligations under finance leases and hire purchase contracts | - | 41,772 |
| Interest expense on other finance liabilities | <u>10,434</u> | <u>6,293</u> |
| | <u>10,434</u> | <u>48,065</u> |

P & D Manufacturing Limited

Notes to the Financial Statements Year Ended 31 March 2018

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

| | 2018 | 2017 |
|--|------------------|------------------|
| | £ | £ |
| Wages and salaries | 987,488 | 930,322 |
| Social security costs | 77,321 | 73,484 |
| Pension costs, defined contribution scheme | 21,608 | 31,472 |
| Other employee expense | 11,651 | 5,215 |
| | <u>1,098,068</u> | <u>1,040,493</u> |

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

| | 2018 | 2017 |
|----------------------------|-------------|-------------|
| | No. | No. |
| Production | 40 | 36 |
| Administration and support | 10 | 9 |
| | <u>50</u> | <u>45</u> |

8 Directors' remuneration

The directors' remuneration for the year was as follows:

| | 2018 | 2017 |
|--------------|---------------|---------------|
| | £ | £ |
| Remuneration | <u>67,748</u> | <u>63,044</u> |

9 Auditors' remuneration

| | 2018 | 2017 |
|-----------------------------------|--------------|--------------|
| | £ | £ |
| Audit of the financial statements | <u>7,185</u> | <u>6,666</u> |

P & D Manufacturing Limited

Notes to the Financial Statements Year Ended 31 March 2018

10 Corporation tax

Tax charged/(credited) in the income statement

| | 2018 £ | 2017 £ |
|---|-----------------|-----------------|
| Current taxation | | |
| UK corporation tax | 38,320 | 57,487 |
| UK corporation tax adjustment to prior periods | 1,045 | - |
| | <u>39,365</u> | <u>57,487</u> |
| Deferred taxation | | |
| Arising from origination and reversal of timing differences | <u>(10,623)</u> | <u>(13,291)</u> |
| Tax expense in the income statement | <u>28,742</u> | <u>44,196</u> |

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2017 - the same as the standard rate of corporation tax in the UK) of 19% (2017 - 20%).

The differences are reconciled below:

| | 2018 £ | 2017 £ |
|---|----------------|----------------|
| Profit before tax | <u>444,367</u> | <u>336,120</u> |
| Corporation tax at standard rate | 84,430 | 67,224 |
| Effect of expense not deductible in determining taxable profit (tax loss) | 157 | 101 |
| Decrease in UK and foreign current tax from adjustment for prior periods | (13,458) | (21,653) |
| Tax decrease arising from group relief | (39,997) | - |
| Other tax effects for reconciliation between accounting profit and tax expense (income) | <u>(2,390)</u> | <u>(1,476)</u> |
| Total tax charge | <u>28,742</u> | <u>44,196</u> |

P & D Manufacturing Limited

Notes to the Financial Statements Year Ended 31 March 2018

Deferred tax

Deferred tax assets and liabilities

| | Liability £ |
|------------------------------|----------------|
| 2018 | |
| Accelerated tax depreciation | 4,647 |
| | <hr/> |
| 2017 | Liability £ |
| Accelerated tax depreciation | 15,270 |
| | <hr/> |

11 Intangible assets

| | Goodwill £ | Total £ |
|--------------------------|---------------|------------|
| Cost or valuation | | |
| At 1 April 2017 | 11,600 | 11,600 |
| At 31 March 2018 | 11,600 | 11,600 |
| Amortisation | | |
| At 1 April 2017 | 11,600 | 11,600 |
| At 31 March 2018 | 11,600 | 11,600 |
| Carrying amount | | |
| At 31 March 2018 | - | - |

The aggregate amount of research and development expenditure recognised as an expense during the period is £Nil (2017 - £Nil).

P & D Manufacturing Limited

Notes to the Financial Statements Year Ended 31 March 2018

12 Tangible assets

| | Land and buildings £ | Furniture, fittings and equipment £ | Motor vehicles £ | Other property, plant and equipment £ |
|--------------------------|----------------------------|--|---------------------|--|
| Cost or valuation | | | | |
| At 1 April 2017 | 397,237 | 40,983 | 130,507 | 1,686,912 |
| Additions | 40,134 | - | 86,526 | 265,596 |
| Disposals | (329,922) | - | (78,527) | - |
| At 31 March 2018 | 107,449 | 40,983 | 138,506 | 1,952,508 |
| Depreciation | | | | |
| At 1 April 2017 | 65,035 | 32,300 | 85,405 | 832,133 |
| Charge for the year | 13,672 | 3,716 | 32,730 | 143,462 |
| Eliminated on disposal | (76,469) | - | (34,196) | - |
| At 31 March 2018 | 2,238 | 36,016 | 83,939 | 975,595 |
| Carrying amount | | | | |
| At 31 March 2018 | 105,211 | 4,967 | 54,567 | 976,913 |
| At 31 March 2017 | 332,201 | 8,684 | 45,101 | 854,778 |

P & D Manufacturing Limited

Notes to the Financial Statements Year Ended 31 March 2018

| | Total £ |
|--------------------------|-------------------------|
| Cost or valuation | |
| At 1 April 2017 | 2,255,639 |
| Additions | 392,256 |
| Disposals | <u>(408,449)</u> |
| At 31 March 2018 | <u>2,239,446</u> |
| Depreciation | |
| At 1 April 2017 | 1,014,873 |
| Charge for the year | 193,580 |
| Eliminated on disposal | <u>(110,665)</u> |
| At 31 March 2018 | <u>1,097,788</u> |
| Carrying amount | |
| At 31 March 2018 | <u><u>1,141,658</u></u> |
| At 31 March 2017 | <u><u>1,240,764</u></u> |

Included within the net book value of land and buildings above is £105,211 (2017 - £332,201) in respect of long leasehold land and buildings.

13 Stocks

| | 2018 £ | 2017 £ |
|-------|-------------------|-------------------|
| Stock | <u>670,621</u> | <u>611,864</u> |

14 Debtors

| | Note | 2018 £ | 2017 £ |
|---------------------------------------|-------------|-------------------------|-------------------------|
| Trade debtors | | 1,187,674 | 1,182,882 |
| Amounts owed by related parties | <u>21</u> | 777,176 | 763,988 |
| Other debtors | | - | 23,703 |
| Prepayments | | <u>111,013</u> | <u>52,993</u> |
| Total current trade and other debtors | | <u><u>2,075,863</u></u> | <u><u>2,023,566</u></u> |

P & D Manufacturing Limited

Notes to the Financial Statements Year Ended 31 March 2018

15 Cash and cash equivalents

| | 2018 £ | 2017 £ |
|--------------|----------------|----------------|
| Cash on hand | 97 | 53 |
| Cash at bank | 154,155 | 157,956 |
| | <u>154,252</u> | <u>158,009</u> |

16 Deferred tax and other provisions

| | Deferred tax £ | Total £ |
|--|-------------------|-----------------|
| At 1 April 2017 | 15,270 | 15,270 |
| Increase (decrease) in existing provisions | <u>(10,623)</u> | <u>(10,623)</u> |
| At 31 March 2018 | <u>4,647</u> | <u>4,647</u> |

17 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £21,608 (2017 - £31,472).

P & D Manufacturing Limited

Notes to the Financial Statements Year Ended 31 March 2018

18 Creditors

| | Note | 2018 £ | 2017 £ |
|---------------------------------|-----------|------------------|------------------|
| Due within one year | | | |
| Trade creditors | | 1,005,755 | 1,261,243 |
| Amounts due to related parties | <u>21</u> | 135,093 | 90,810 |
| Social security and other taxes | | 98,788 | 19,087 |
| Other payables | | 815,922 | 842,313 |
| Accrued expenses | | 259,964 | 195,049 |
| Corporation tax liability | <u>10</u> | 8,203 | 57,487 |
| | | <u>2,323,725</u> | <u>2,465,989</u> |

Included in other creditors is £812,317 (2017 - £833,832) relating to a confidential invoice discounting agreement with Barclays Bank Plc, this balance is secured on the trade debts of the company.

19 Share capital

Allotted, called up and fully paid shares

| | 2018 | | 2017 | |
|----------------------------|--------|--------|--------|--------|
| | No. | £ | No. | £ |
| Ordinary shares of £1 each | 10,000 | 10,000 | 10,000 | 10,000 |

20 Dividends

Final dividends paid

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Final dividend of £25.45 (2017 - £0) per each Ordinary share | 254,547 | - |

P & D Manufacturing Limited

Notes to the Financial Statements Year Ended 31 March 2018

21 Related party transactions

Where the company has trading transactions and debtor and creditor balances with other 100% wholly owned subsidiaries within the group the company has taken advantage of the exemption from disclosure as consolidated accounts are available. Although no detail is given the total balances can be seen in the debtor and creditor notes to the accounts. All group balances are considered fully recoverable and are reviewed on a group level and each company is fully supported within the group.

22 Parent and ultimate parent undertaking

The company's immediate parent is Avon Manufacturing (Holdings) Limited, incorporated in England. The ultimate controlling party is Mr M Rushin.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.