

REGISTERED NUMBER: 03676535 (England and Wales)

AALBERTS SURFACE TREATMENT OCT LIMITED
PREVIOUSLY KNOWN AS OPTICAL COATING TECHNOLOGIES LIMITED
DIRECTOR'S REPORT AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Deloitte LLP
Statutory Auditor
2 Hardman Street
Manchester
United Kingdom
M3 3HF



AALBERTS SURFACE TREATMENT OCT LIMITED

**CONTENTS OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2018**

	Page
Company Information	1
Director's Report	2 to 3
Independent Auditor's Report	4 to 6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 to 19

AALBERTS SURFACE TREATMENT OCT LIMITED

COMPANY INFORMATION
for the year ended 31 December 2018

DIRECTOR:	P T Brown
SECRETARY:	Mrs G S Passey
REGISTERED OFFICE:	Unit 8 Lagrange Tamworth Staffordshire B79 7XD
REGISTERED NUMBER:	03676535 (England and Wales)
AUDITOR:	Deloitte LLP Statutory Auditor 2 Hardman Street Manchester United Kingdom M3 3HF
BANKERS:	BNP Paribas Bank London Branch 10 Harewood Avenue London NW1 6AA

AALBERTS SURFACE TREATMENT OCT LIMITED

DIRECTOR'S REPORT for the year ended 31 December 2018

The director presents his annual report with the audited financial statements of the company for the year ended 31 December 2018.

CHANGE OF NAME

The company passed a special resolution on 1 January 2019 changing its name from Optical Coating Technologies Limited to Aalberts Surface Treatment OCT Limited.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of optical lens coating.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2018 (2017: £Nil).

DIRECTORS

The directors who have held office during the period from 1 January 2018 to the date of this report are as follows:

G A Williams - resigned 1 May 2018

P T Brown - appointed 1 May 2018

FUTURE DEVELOPMENTS AND POST BALANCE SHEET EVENTS

The directors expect the general level of activity to decrease significantly in the forthcoming year. This is as a result of number of factors but specifically and notably the acquisition of the former 'number one' account (Scotts) by 3M. As the latter has 'in-house' coating capability, it is anticipated that the impact for Aalberts Surface Treatment OCT Limited will be a loss of revenue in the region of 18-20%. The impact of Brexit negotiations on the automotive industry is also likely to have a detrimental impact on the business such that the outlook for 2019 will be challenging.

Regrettably, the current situation with regard to Brexit is beyond the control of the company and certainly and 'no deal' Brexit could impact on operations and the ability to provide services as a proportion of the materials used in the business are purchased from overseas suppliers. Additionally, whilst a relatively small % of the company earnings are from overseas customers, the impact on services provided must be considered.

With that in mind, our sister company Aalberts Surface Treatment UK Limited, has, over the past 9 months have been working with a specialist customs consultant to focus on Brexit preparations including reviewing our internal administration systems and, specifically, extending training and knowledge on customs procedures to all key staff in our business. Additionally, we have a well-established administration and shipping procedure using a specialist forwarding agent based in the UK. Reviewing our established procedures with our agents, we are satisfied that we have systems in place that will avoid unnecessary delays through customs when Brexit is activated. As and when necessary, our colleagues at the Nottingham site along with our shipping agents and customs consultants will be on hand to provide support and training to assist with any complications associated with the transition.

There are no other post balance sheet events noted.

GOING CONCERN

The financial statements have been prepared using the going concern basis of accounting. There are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern, as described further in note 2.

DIRECTORS INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors, and the directors of its subsidiary which were made during the year and remain in force at the date of this report.

AALBERTS SURFACE TREATMENT OCT LIMITED

DIRECTOR'S REPORT for the year ended 31 December 2018

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily for trade receivables). Debtor days outstanding are closely monitored throughout the year and action is taken promptly when payment terms are breached.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulties to meet obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group maintains sufficient reserves of cash to meet the liquidity requirements of the company at all times.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Director's 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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; and
- 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 him 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 AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

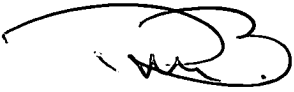
This confirmation is given and should be interpreted in accordance with Section 418 of the Companies Act 2006.

The Company has taken advantage of the small companies exemption in preparing the Directors' Report. The company has also claimed exemption on the preparation and disclosure of a strategic report.

AUDITOR

The auditor, Deloitte LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

APPROVED AND AUTHORISED BY THE BOARD:


.....
P T Brown - Director

Date: 26.9.2019
.....

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AALBERTS SURFACE TREATMENT OCT LIMITED**

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Aalberts Surface Treatment OCT Limited ('the company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 20.

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).

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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the director's use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

The director is responsible for the other information. The other information comprises the information included in the Director's 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 respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AALBERTS SURFACE TREATMENT OCT LIMITED

Responsibilities of directors

As explained more fully in the statement of director's responsibilities, 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 director determines 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 intends 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's Report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the Director's Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

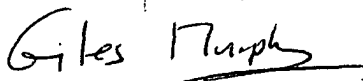
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to take advantage of the small companies exemption in preparing the director's report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AALBERTS SURFACE TREATMENT OCT LIMITED**

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.



Giles Murphy (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
2 Hardman Street
Manchester
United Kingdom
M3 3HF

Date: 26 September 2019

AALBERTS SURFACE TREATMENT OCT LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2018

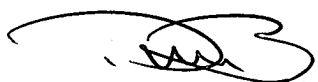
	Notes	2018 £	2017 £
TURNOVER	3	1,288,940	1,098,168
Cost of sales		<u>628,210</u>	<u>541,950</u>
GROSS PROFIT		660,730	556,218
Administrative expenses		<u>545,720</u>	<u>497,368</u>
		115,010	58,850
Other operating income		<u>1,369</u>	<u>11,191</u>
OPERATING PROFIT	5	116,379	70,041
Interest receivable and similar income	6	<u>16,699</u>	<u>5,492</u>
		133,078	75,533
Interest payable and similar expenses	7	<u>-</u>	<u>60</u>
PROFIT BEFORE TAXATION		133,078	75,473
Tax on profit	8	<u>25,636</u>	<u>14,025</u>
PROFIT FOR THE FINANCIAL YEAR		107,442	61,448
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>107,442</u>	<u>61,448</u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 December 2018

	Notes	2018		2017	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		21,060		29,353
CURRENT ASSETS					
Stocks	10	131,384		119,355	
Debtors	11	187,518		225,764	
Cash at bank		1,163,889		983,646	
		<u>1,482,791</u>		<u>1,328,765</u>	
CREDITORS					
Amounts falling due within one year	12	204,307		164,492	
NET CURRENT ASSETS			<u>1,278,484</u>		<u>1,164,273</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,299,544</u>		<u>1,193,626</u>
PROVISIONS FOR LIABILITIES	14		-		1,524
NET ASSETS			<u><u>1,299,544</u></u>		<u><u>1,192,102</u></u>
CAPITAL AND RESERVES					
Called up share capital	15		2		2
Profit and loss account	16		1,299,542		1,192,100
SHAREHOLDERS' FUNDS			<u><u>1,299,544</u></u>		<u><u>1,192,102</u></u>

The financial statements were approved by the director on 26 September 2019 and were signed by:



.....
P T Brown - Director

AALBERTS SURFACE TREATMENT OCT LIMITED

**STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2018**

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2017	2	1,130,652	1,130,654
Changes in equity			
Profit for the year	-	61,448	61,448
Total comprehensive income	-	61,448	61,448
Balance at 31 December 2017	2	1,192,100	1,192,102
Changes in equity			
Profit for the year	-	107,442	107,442
Total comprehensive income	-	107,442	107,442
Balance at 31 December 2018	2	1,299,542	1,299,544

The notes form part of these financial statements

AALBERTS SURFACE TREATMENT OCT LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

1. STATUTORY INFORMATION

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

2. ACCOUNTING POLICIES

General information and basis of accounting

Aalberts Surface Treatment OCT Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the report of the director on pages 2 to 3.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Going concern

The financial statements have been prepared using the going concern basis of accounting because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern. In making this assessment, the directors has considered the forecasts of the company for a period of at least 12 months from the date of signing this report. These forecasts also take into account the financial position of the company and the fact the it is part of the Group's cash pooling facility. These forecasts demonstrate the company is able to operate within existing resources, thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as it is a qualifying entity:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Please refer to note 19 for details of where group accounts including full disclosures can be obtained.

Interest income

Interest income relates to interest received on the company's cash pooling bank account balance with group.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, for services excluding value added tax. Turnover is recognised at the point the services are completed and the treated goods are available for collection by the customer.

AALBERTS SURFACE TREATMENT OCT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2018

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Plant and machinery	- 25% per annum
Fixtures and fittings	- 25% per annum
Motor vehicles	- 25% per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

AALBERTS SURFACE TREATMENT OCT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2018

2. ACCOUNTING POLICIES - continued

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

AALBERTS SURFACE TREATMENT OCT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2018

2. ACCOUNTING POLICIES - continued

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the director is required to make judgements, estimates and assumptions about the carrying amounts 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.

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 the revision and future periods if the revision affects both current and future periods.

There are no critical accounting judgements which need to be brought to the attention of the users of these financial statements.

Other estimates, assumptions and judgements are applied by the company. These include, but not limited to, cost of sales, general overhead expenditure and provisions. These estimates, assumptions and judgements are evaluated on a continual basis but are not significant.

AALBERTS SURFACE TREATMENT OCT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2018

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2018 £	2017 £
Services	1,288,940	1,098,168
	<u>1,288,940</u>	<u>1,098,168</u>

An analysis of turnover by geographical market is given below:

	2018 £	2017 £
United Kingdom	995,130	774,877
Europe	196,493	181,451
Rest of the world	97,317	141,840
	<u>1,288,940</u>	<u>1,098,168</u>

4. EMPLOYEES AND DIRECTORS

	2018 £	2017 £
Wages and salaries	330,618	304,941
Social security costs	15,589	14,876
Other pension costs	4,350	4,085
	<u>350,557</u>	<u>323,902</u>

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

	2018	2017
Administration	4	4
Production	8	9
Sales	-	1
	<u>12</u>	<u>14</u>

	2018 £	2017 £
Directors' remuneration	<u>11,150</u>	<u>12,120</u>

AALBERTS SURFACE TREATMENT OCT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2018

5. OPERATING PROFIT

The operating profit is stated after charging:

	2018	2017
	£	£
Operating leases - rent	65,766	59,335
Depreciation - owned assets	24,081	32,571
Depreciation - assets on hire purchase contracts or finance leases	-	2,725
Auditor's remuneration for the audit of these financial statements		
There are no non-audit fees	10,598	10,093
Foreign exchange differences	4,271	1,655
Carrying amount of stock sold	427,561	359,385
Operating leases - other	3,582	1,285
	<u> </u>	<u> </u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

The total of £16,699 (2017: £5,492) as detailed on page 7 relates to interest received on the company's cash pooling bank account balance with group.

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Hire purchase	-	60
	<u> </u>	<u> </u>

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	28,623	20,458
Deferred tax	(2,987)	(6,433)
Tax on profit	<u>25,636</u>	<u>14,025</u>

AALBERTS SURFACE TREATMENT OCT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2018

8. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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

	2018 £	2017 £
Profit before tax	<u>133,078</u>	<u>75,473</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%)	25,285	14,529
Effects of:		
Depreciation in excess of capital allowances	3,338	-
Origination and reversal of temporary differences	<u>(2,987)</u>	<u>(504)</u>
Total tax charge	<u>25,636</u>	<u>14,025</u>

Factors that may affect future tax charges

Changes in the rates of corporation tax and the rates at which capital allowances are available to the company are the primary factors that the director considers may affect future tax charges. The Corporation Tax rate is 19% with effect from 1 April 2017, reducing to 17% with effect from 1 April 2020. The effective rate for the prior year is therefore 19.25% due to changes made within the Finance Act 2015 reducing the previous Corporation Tax rate from 20%. The rate of 17% has been used to measure the deferred tax liabilities and assets as at 31 December 2018.

Factors affecting tax charge for year

Other than expenses disallowed for tax purposes, permanent timing differences and deferred tax, there are no factors that affected the tax charge for the year, which has been calculated on the losses on ordinary activities before tax at the standard rate of corporation tax in the UK.

9. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 January 2018	384,478	19,016	24,500	427,994
Additions	15,788	-	-	15,788
At 31 December 2018	<u>400,266</u>	<u>19,016</u>	<u>24,500</u>	<u>443,782</u>
DEPRECIATION				
At 1 January 2018	355,894	18,247	24,500	398,641
Charge for year	23,312	769	-	24,081
At 31 December 2018	<u>379,206</u>	<u>19,016</u>	<u>24,500</u>	<u>422,722</u>
NET BOOK VALUE				
At 31 December 2018	<u>21,060</u>	<u>-</u>	<u>-</u>	<u>21,060</u>
At 31 December 2017	<u>28,584</u>	<u>769</u>	<u>-</u>	<u>29,353</u>

AALBERTS SURFACE TREATMENT OCT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2018

10. STOCKS

	2018	2017
	£	£
Raw materials	<u>131,384</u>	<u>119,355</u>

There is no material difference between the carrying value of stocks and their replacement cost.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade debtors	161,107	198,555
Amounts owed by group undertakings	-	313
Other debtors	-	3,383
Deferred tax asset	1,463	-
Prepayments and accrued income	<u>24,948</u>	<u>23,513</u>
	<u>187,518</u>	<u>225,764</u>

The payment terms of amounts owed by group undertakings are under normal trading conditions, being 60 days and non interest bearing.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	111,871	90,117
Amounts owed to group undertakings	13,991	7,327
Tax	18,394	20,458
Social security and other taxes	14,300	13,084
VAT	18,123	19,871
Accruals and deferred income	<u>27,628</u>	<u>13,635</u>
	<u>204,307</u>	<u>164,492</u>

The payment terms of amounts owed to group undertakings are under normal trading conditions, being 60 days and non interest bearing. Included within 'amounts owed to group undertakings' is an amount due to the ultimate parent company, Aalberts Industries N.V. of £800 (2017: £Nil).

13. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018	2017
	£	£
Within one year	68,934	10,348
Between one and five years	<u>216,772</u>	<u>-</u>
	<u>285,706</u>	<u>10,348</u>

The operating lease payments recognised as an expense for 2018 total £69,348 (2017: £60,620).

A new lease agreement for the premises was entered into during the year, the term is for 5 years and commenced on 25th March 2018.

AALBERTS SURFACE TREATMENT OCT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2018

14. PROVISIONS FOR LIABILITIES

	2017
	£
Deferred tax	1,524
	<u> </u>
	Deferred
	tax
	£
Balance at 1 January 2018	1,524
Accelerated capital allowances	(2,987)
	<u> </u>
Balance at 31 December 2018	<u><u>(1,463)</u></u>

The deferred tax asset balance at 31 December 2018 consists solely of taxable temporary differences.

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity, or another entity within the Company.

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2018	2017
			£	£
2	Ordinary	£1	<u>2</u>	<u>2</u>

16. RESERVES

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

17. PENSION COMMITMENTS

The pension cost charge represents contributions payable to the employees pension scheme, which amounted to £4,350 (2017: £4,085).

18. RELATED PARTY DISCLOSURES

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

AALBERTS SURFACE TREATMENT OCT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2018

19. ULTIMATE CONTROLLING PARTY

The company's ultimate parent undertaking and controlling party at the statement of financial position date was Aalberts N.V., a company incorporated in the Netherlands. The group financial statements are publicly available from Aalberts N.V. The registered office of Aalberts N.V. is World Trade Center Utrecht, Stadsplateau 18, NL-3521 AZ Utrecht, PO Box 1218, NL-3500 BE Utrecht, The Netherlands.

The parent of the smallest group for which consolidated financial statements are drawn up and available at the registered office below is Impreglon GmbH, Kerpen, of which Aalberts Surface Treatment OCT Limited is a member. The parent of the largest group in which the financial statements are consolidated is the ultimate parent, Aalberts N.V.

The registered office of Impreglon GmbH, Kerpen is as follows:

Impreglon GmbH, Kerpen
Hohenhorststr.1
DE-21337
Lueneburg
Germany

20. PRINCIPAL PLACE OF BUSINESS

The address of the company's principal place of business and registered office is:

Unit 8 Lagrange
Tamworth
Staffordshire
B79 7XD