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HW Machinery Limited

Report and Financial Statements

Year Ended

31 March 2017

Company Number 03721208

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HW Machinery Limited

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for the year ended 31 March 2017

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Director

J G Harris

Secretary and registered office

J G Harris, Unit 15C, Blackpole East, Blackpole Road, Worcester, WR3 8YB

Company number

03721208

Auditors

BDO LLP, Two Snowhill, Birmingham, B4 6GA

HW Machinery Limited

Strategic report
for the year ended 31 March 2017

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

Principal activity

The principal activity of the company continues to be the holding of investments in subsidiary companies. The review of business contains important information on these subsidiary companies.

Review of business

The results of the company for the year are shown on page 7. The financial position of the company at 31 March 2017 is shown on page 9.

During the year, the principal trading company of the group was placed into administration, an important trading subsidiary was sold to a third party company and a number of other trading companies were sold to a related party company as follows:

Froude Hofmann Limited	Placed into administration on 25 April 2016
Froude Hofmann Inc	Sold on 30 September 2016
FH (GB) Limited	Sold on 30 September 2016
ATS-Elbtalwerk GmbH	Sold on 30 September 2016
Compact Orbital Gears Limited	Sold on 30 September 2016
Kinetic Engineering Limited	Sold on 30 September 2016

As at the date of the signing of these financial statements, the group comprises the parent company and a number of overseas companies (that were primarily sales offices for the company that was placed into administration) that are no longer actively trading and are being prepared for cessation once any residual contractual obligations have been met as follows:.

Froude Hofmann Industria e Comercio Ltda	(Brazil)
Froude Hofmann Test Technology India (pvt) Limited	(India)
Froude Hofmann Russia	(Russia)
Froude Hofmann (Shanghai) Ltd	(China)

As a result of the changes in trading and the nature of the relationships with management of these overseas companies, the director considers that they are no longer controlled by the parent company because severe long-term restrictions substantially hinder the exercise of the rights of the parent company over the assets and management of these companies.

The significant changes in trading activities and group structure in the year resulted in a significant reduction of the quality and regularity of financial information being made available for management accounts and year-end consolidation purposes to the extent that it has not been possible to prepare consolidated financial statements for the period to 31 March 2017 to an acceptable standard without disproportionate expense or undue delay.

The director acknowledges that the strict requirements of FRS 102 do not allow the exclusion of subsidiary companies from consolidation because the information necessary for the preparation of consolidated financial statements cannot be obtained without disproportionate expense or undue delay unless its inclusion is not material (either individually or collectively for more than one subsidiary) for the purpose of giving a true and fair view in the context of the group. However the director considers that the significant changes in the structure and control of the various subsidiary companies as noted makes it impractical and / or impossible to obtain the detailed quality information required to prepare consolidated financial statements.

As noted above, at the date of approval of these financial statements the group comprises the parent company and the overseas companies noted above that are no longer considered to be under the control of the parent company.

Going concern

The company has net current liabilities at the year end of £12,083,000 (2016 - £13,912,000) and net liabilities at the year end of £33,177,000 (2016 - £33,503,000).

Included within the company's liabilities due within one year are amounts due to related party undertakings amounting to £11,629,000 (2016 - £15,627,000). The director (who is also the sole director of the related party undertakings) has placed reliance on confirmation received from the respective related party undertakings that these amounts will not be requested for repayment for at least a period of 12 months following the date of approval of these financial statements. Included within the company's liabilities due after more than one year is a director's loan account amounting to £21,094,000 (2016 - £22,138,000). The director has confirmed that he will continue to provide financial support to the company as is necessary in order for it to pay all external creditors as they fall due for payment for at least a period of 12 months following the date of approval of these financial statements.

Given the above, the director considers it appropriate to continue to adopt the going concern basis in preparing the financial statements.

Principal risks and uncertainties

As a holding company, the principal risks and uncertainties are driven by the performance of the subsidiary entities. This is further explained in the review of business section above.

On behalf of the board:

J G Harris - Director

Date: 15/12/17

HW Machinery Limited

Report of the director
for the year ended 31 March 2017

The director presents his report with the financial statements of the company for the year ended 31 March 2017.

Results and principal activities

The income statement is set out on page 7 and shows a profit for the year of £326k (2016 – loss of £5,258k).

The company's principal activity, review of business, going concern, and principal risks and uncertainties are contained in the strategic report on pages 1 - 2.

Dividends

No dividends will be distributed for the year ended 31 March 2017 (2016: £Nil).

Director

J G Harris held office during the whole of the period from 1 April 2016 to the date of this report.

Post balance sheet events

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

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Statement as to disclosure of information to auditors

So far as the directors are 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 each director 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.

Auditors

The auditors will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the board:

.....
J G Harris - Director

Date: 15/12/17

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HW MACHINERY LIMITED

We have audited the financial statements of HW Machinery Limited for the year ended 31 March 2017 which comprise the income statement, the other comprehensive income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Basis for adverse opinion on the group financial statements

As explained in note 1 to the financial statements, the company has prepared parent company only financial statements rather than consolidated financial statements. We consider that the non-preparation of consolidated financial statements is contrary to the provisions of FRS 102 Section 9 'Requirement to present consolidated financial statements' and the provisions in section 399 of the Companies Act 2006 "Duty to prepare group accounts".

Adverse opinion on the group financial statements

In our opinion, because of the significance of the matter described in the Basis for adverse opinion on the consolidated financial statements paragraph, the lack of consolidated financial statements means that the financial statements:

- do not give a true and fair view of the state of the group's affairs as at 31 March 2017 and of its result for the year then ended;
- have not been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- have not been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the parent company financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the parent company's affairs as at 31 March 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.

Opinion on other matters prescribed by the Companies Act 2006

Notwithstanding our adverse opinion on the consolidated financial statements, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and 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 director's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the director's report.

In respect of the limitations on our work relating to the preparation of consolidated financial statements:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- adequate accounting records have not been kept by the parent company.

Except for the above matters 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:

- returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made.

BDO LLP

Thomas Lawton (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham

Date: 20 December 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

HW Machinery Limited

Income statement
for the year ended 31 March 2017

	Note	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Administrative expenses - including exceptional costs of £110k (2016 - £5,458k)	5	**(83)**	(5,310)
Operating profit / (loss)	5	**(83)**	(5,310)
Income from fixed asset investments		**409**	-
Interest receivable and similar income	6	**-**	291
Interest payable and similar charges	7	**-**	(239)
Profit / (loss) on ordinary activities before taxation		**326**	(5,258)
Taxation on profit / (loss) from ordinary activities	8	**-**	-
Profit / (loss) for the year		**326**	(5,258)

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

HW Machinery Limited

Other comprehensive income
for the year ended 31 March 2017

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Profit / (loss) for the year	**326**	(5,258)
Other comprehensive income	-	-
Total comprehensive profit / (loss) for the year	**326**	(5,258)

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

HW Machinery Limited

Balance sheet
as at 31 March 2017

Company number 03721209	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Investments	9		-		2,547
Current assets					
Debtors	10	-		3,030	
Cash at bank and in hand		6		474	
		6		3,504	
Creditors: amounts falling due within one year	11	(11,939)		(17,416)	
Net current liabilities			(11,933)		(13,912)
Total assets less current liabilities			(11,933)		(11,365)
Creditors: amounts falling due after more than one year	12		(21,094)		(22,138)
Net liabilities			(33,027)		(33,503)
Capital and reserves					
Called up share capital	15		-		-
Profit and loss account			(33,027)		(33,503)
Shareholders' deficit			(33,027)		(33,503)

The financial statements were approved by the Board of Directors on 15/12/2017 and were signed on its behalf by:

J.G. Harris

J G Harris – Director

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

HW Machinery Limited

Statement of changes in equity
for the year ended 31 March 2017

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 April 2015	-	(28,245)	(28,245)
Changes in equity			
Total comprehensive loss for the year	-	(5,258)	(5,258)
Balance at 31 March 2016	-	(33,503)	(33,503)

	Called up share capital £'000	Profit and loss account £'000	Total Equity £'000
Balance at 1 April 2016	-	(33,503)	(33,503)
Changes in equity			
Total comprehensive profit for the year	-	326	326
Balance at 31 March 2017	-	(33,177)	(33,177)

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

HW Machinery Limited

Statement of cash flows
for the year ended 31 March 2017

	Year ended 31 March 2017 £'000	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000	Year ended 31 March 2016 £'000
Cash flows from operating activities				
Profit / (loss) before taxation	**326**		(5,258)	
Net interest receivable	**-**		(52)	
Impairment of investments	**-**		316	
Profit on disposal of investments	**(407)**		(19)	
Decrease in debtors	**3,030**		2,715	
(Decrease) / increase in creditors	**(6,371)**		2,923	
Cash (used in) / from operations	**(3,422)**		625	
Interest paid	**-**		(239)	
Net cash (used in) / from operating activities		**(3,422)**		386
Cash flows from investing activities				
Interest received	**-**		291	
Purchase of fixed asset investments	**-**		(527)	
Proceeds from sale of investments	**2,954**		319	
Net cash from investing activities		**2,954**		83
(Decrease) / increase in cash and cash equivalents		**(468)**		469
Cash and cash equivalents at beginning of year		**474**		5
Cash and cash equivalents at end of year		**6**		474

In the cash flow statements trading balances and movements with group and other related companies are shown as part of movements in debtors and creditors.

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

1 Accounting policies

Basis of preparing the financial statements

HW Machinery Limited is a private company incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given in the contents page and the principal activity of the company is set out in the strategic report.

The financial statements have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102"); under the historical cost convention and in accordance with the Companies Act 2006.

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

Preparation of parent company only financial statements

During the year, the principal trading company of the group was placed into administration, an important trading subsidiary was sold to a third party company and a number of other trading companies were sold to a related party company as follows:

Froude Hofmann Limited	Placed into administration on 25 April 2016
Froude Hofmann Inc	Sold on 30 September 2016
FH (GB) Limited	Sold on 30 September 2016
ATS-Elbtalwerk GmbH	Sold on 30 September 2016
Compact Orbital Gears Limited	Sold on 30 September 2016
Kinetic Engineering Limited	Sold on 30 September 2016

As at the date of the signing of these financial statements, the group comprises the parent company and a number of overseas companies (that were primarily sales offices for the company that was placed into administration) that are no longer actively trading and are being prepared for cessation once any residual contractual obligations have been met as follows:

Froude Hofmann Industria e Comercio Ltda	(Brazil)
Froude Hofmann Test Technology India (pvt) Limited	(India)
Froude Hofmann Russia	(Russia)
Froude Hofmann (Shanghai) Ltd	(China)

As a result of the changes in trading and the nature of the relationships with management of these overseas companies, the director considers that they are no longer controlled by the parent company because severe long-term restrictions substantially hinder the exercise of the rights of the parent company over the assets and management of these companies.

The significant changes in trading activities and group structure in the year resulted in a significant reduction of the quality and regularity of financial information being made available for management accounts and year-end consolidation purposes to the extent that it has not been possible to prepare consolidated financial statements for the period to 31 March 2017 to an acceptable standard without disproportionate expense or undue delay.

The director acknowledges that the strict requirements of FRS 102 do not allow the exclusion of subsidiary companies from consolidation because the information necessary for the preparation of consolidated financial statements cannot be obtained without disproportionate expense or undue delay unless its inclusion is not material (either individually or collectively for more than one subsidiary) for the purpose of giving a true and fair view in the context of the group. However the director considers that the significant changes in the structure and control of the various subsidiary companies as noted makes it impractical and / or impossible to obtain the detailed quality information required to prepare consolidated financial statements.

1 **Accounting policies** *(continued)*

As noted above, at the date of approval of these financial statements the group comprises the parent company and the overseas companies noted above that are no longer considered to be under the control of the parent company.

Going concern

The company has net current liabilities at the year end of £12,083,000 (2016 - £13,912,000) and net liabilities at the year end of £33,177,000 (2016 - £33,503,000).

Included within the company's liabilities due within one year are amounts due to related party undertakings amounting to £11,629,000 (2016 - £15,627,000). The director (who is also the sole director of the related party undertakings) has placed reliance on confirmation received from the respective related party undertakings that these amounts will not be requested for repayment for at least a period of 12 months following the date of approval of these financial statements. Included within the company's liabilities due after more than one year is a director's loan account amounting to £21,094,000 (2016 - £22,138,000). The director has confirmed that he will continue to provide financial support to the company as is necessary in order for it to pay all external creditors as they fall due for payment for at least a period of 12 months following the date of approval of these financial statements.

Given the above, the director considers it appropriate to continue to adopt the going concern basis in preparing the financial statements.

Investment in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

Debtors

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

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than 3 months.

Creditors

Short term creditors are measured at transaction price

Financial instruments

The company only enters into basic financial instruments that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

Interest income

Interest income is recognised in the income statement using the effective interest method.

1 Accounting policies *(continued)*

Borrowing costs

All borrowing costs are recognised in the income statement in the year in which they are incurred.

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits, and

- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2 Accounting judgements and estimates

In preparing these financial statements, the director has had to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historic experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities and are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing material adjustment to the carrying amount of assets and liabilities are:

Going concern

When making the assessment upon the company's ability to continue as a going concern, the director considers various factors, including financial support provided to the company. This assessment covers at least twelve months following the date of approval of the financial statements.

The director has placed reliance on confirmation received from respective related party undertakings that amounts owed will not be requested for repayment for at least a period of 12 months following the date of approval of these financial statements. The director has also confirmed that he will continue to provide financial support to the company as is necessary in order for it to pay all external creditors as they fall due for payment for at least a period of 12 months following the date of approval of these financial statements.

3 Staff costs

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Wages and salaries	209	288
Social security costs	18	39
Pension	15	29
	242	356

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

	Year ended 31 March 2017 Number	Year ended 31 March 2016 Number
Administration	4	4
	4	4

4 Director's remuneration

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Director's remuneration	-	-

The director, also deemed to be the key management personnel, is a full time executive of other group companies and did not receive any remuneration for services provided to this company. It is not practicable to allocate the emoluments for other services.

5 Operating profit / (loss)

The operating profit / (loss) is stated after charging:

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Amounts written off investments	-	316
Provisions against amounts due from group undertakings and undertakings in which the company has a participating interest	110	5,142
Auditors' remuneration	17	-

Exceptional items

During the year, the company has incurred exceptional costs relating to amounts written off investments totalling £Nil (2016 - £316k) and provisions against amounts due from group undertakings and undertakings in which the company has a participating interest totalling £110k (2016 - £5,142k).

6 Interest receivable and similar income

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Loans to group undertakings and undertakings in which the company has a participating interest	-	291
	-	291

7 Interest payable and similar charges

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Loans from group undertakings and undertakings in which the company has a participating interest	-	239
	-	239

8 Taxation

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Current tax:		
UK Corporation tax	-	-
Tax on profit / (loss) on ordinary activities	-	-

UK corporation tax has been charged at 20%.

No deferred taxation has been recorded as it is not considered to be material to the financial statements.

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is different to the rate of corporation tax in the UK. The difference is explained below:

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Profit / (loss) on ordinary activities before tax	**326**	**(5,258)**
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	**65**	**(1,052)**
Effect of:		
Expenses not deductible for tax purposes	**48**	**1,157**
Losses brought forward and utilised	**50**	**(57)**
Income not chargeable to tax	**(163)**	**(48)**
Total tax charge	-	-

9 Fixed asset investments

	Total £'000
Cost	
At 1 April 2016	23,788
Disposals	(2,547)
At 31 March 2017	**21,241**
Amounts written off	
At 1 April 2016	21,241
Written off in year	-
At 31 March 2017	**21,241**
Net book value	
At 31 March 2017	**-**
At 31 March 2016	2,547

During the year, the principal trading company of the group was placed into administration, an important trading subsidiary was sold to a third party company and a number of other trading companies were sold to a related party company as follows:

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Froude Hofmann Inc	Sold on 30 September 2016
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ATS-Elbtalwerk GmbH	Sold on 30 September 2016
Compact Orbital Gears Limited	Sold on 30 September 2016
Kinetic Engineering Limited	Sold on 30 September 2016

As at the date of the signing of these financial statements, the group comprises the parent company and a number of overseas companies (that were primarily sales offices for the company that was placed into administration) that are no longer actively trading and are being prepared for cessation once any residual contractual obligations have been met as follows:

Froude Hofmann Industria e Comercio Ltda	(Brazil)
Froude Hofmann Test Technology India (pvt) Limited	(India)
Froude Hofmann Russia	(Russia)
Froude Hofmann (Shanghai) Ltd	(China)

9 Fixed asset investments *(continued)*

The company's investments at the balance sheet date in the share capital of companies include the following:

	Country of incorporation	Nature of business	% holding
Froude Hofmann Russia	Russia	Design of test equipment solutions	90
Froude Hofmann (Shanghai) Ltd	China	Distribution of test equipment solutions	100
Froude Hofmann Industria e Comercio Ltda	Brazil	Distribution of test equipment solutions	100
Froude Hofmann Test Technology India (pvt) Limited	India	Design of test equipment solutions	100

10 Debtors

Amounts falling due within one year	2017 £'000	2016 £'000
Amounts owed by group undertakings	-	1,243
Other debtors	-	1,787
	-	3,030

11 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	-	58
Amounts owed to group undertakings	-	1,281
Amounts owed to related party undertakings (note 17)	11,629	15,627
Other taxation and social security	75	70
Accruals and deferred income	385	380
	12,089	17,416

The amounts owed to related party undertakings charge interest at 2% over base rate. There is no security held in respect of these liabilities.

12 Creditors: amounts falling due after more than one year

	2017 £'000	2016 £'000
Director's loan account	**21,094**	**22,138**

The director's loan account comprises £19,449k (2016 - £19,449k) due to the director himself and £1,645k (2016 – £2,689k) due to his wife, a connected person. The repayment date is scheduled for twelve months from the date of approval of the financial statements, and a discretionary interest rate is charged. There is no security held in respect of these liabilities.

13 Contingent liabilities

The company has possible contractual obligations in relation to the cessation of a number of overseas operations, as outlined in note 1. The possible contractual obligation is the subject of the current cessation process and, at the current time, cannot be measured with certainty.

14 Financial instruments

	2017 £'000	2016 £'000
Financial assets		
Financial assets are debt instruments measured at amortised cost	**6**	**3,504**
Financial liabilities		
Financial liabilities measured at amortised cost	**33,108**	**39,484**

Financial assets measured at amortised cost comprise cash at bank and in hand, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, amounts owed to related party undertakings, accruals and deferred income and director's loan account.

15 Called up share capital

	2017 £	2016 £
Allotted, issued and fully paid		
1 Ordinary share of £1	**1**	1

16 Reserves

Called up share capital - represents the nominal value of allotted and fully paid up ordinary share capital.

Profit and loss account - represents cumulative net gains and losses recognised in income.

17 Transactions with related parties

	2017 £'000	2016 £'000
Entities under common control:		
Wintergreen Management Limited (formerly Harris Watson Holdings Limited)	**(11,629)**	**(15,627)**
	(11,629)	**(15,627)**

There are no other related party transactions as required under FRS 102.

18 Ultimate controlling party

The company was under the control of Mr J G Harris throughout the current and previous year. Mr J G Harris is a director and is the majority shareholder.