Financial Statements Advanced Manufacturing (Sheffield) Limited

For the Year Ended 31 December 2015

Registered number: 04364671

Company Information

Directors	Dr G Morgan N Lane I Lane
Company secretary	Dr G Morgan
Registered number	04364671
Registered office	C/O Chapmans Agricultural Limited Club Mill Road SHEFFIELD South Yorkshire S6 2FH
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 2 Broadfield Court SHEFFIELD South Yorkshire S8 0XF
Bankers	Lloyds Bank Plc 1 High Street SHEFFIELD S1 2GA

Advanced Manufacturing (Sheffield) Limited
Registered number:04364671

Contents

Directors' Report
For the Year Ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Principal activity

The principal activity of the company continues to be the manufacture of components from hard metals for different industries with a main focus on Aerospace. In addition the company carries out prototyping work for its customers which will lead to on-going production orders and continues to carry out consultancy work.

Business review

The Aerospace business grew by 6% during 2015; it was an interesting year and where we experienced mixed fortunes. In early 2015 a part we considered to be with us for some time was taken off us; we then experienced strong order growth going into the summer. By Quarter 4 this had turned into an overload situation with gave the team a different set of management problems. The overhang of parts going into 2016 left us considerable work to catch up on. The work required on these parts was underestimated and we decided to revalue the stock at year end as too much revenue had been recognised. This pushed from a breakeven position into a loss. The product range continues to be expanded which has allowed us to grow the number of potential customers. The position of the company with its capabilities is well placed to take up on the many opportunities in the main sectors which it operates; as the product range expands the company should win more business.

Directors

The directors who served during the year were:

Dr G Morgan
N Lane
I Lane

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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 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.

Directors' Report

For the Year Ended 31 December 2015

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Results

The loss for the year, after taxation, amounted to £96,542 (2014 - profit £113,063).

Post balance sheet events

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

Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30 June 2016 and signed on its behalf.

N M Lane

N Lane
Director

Grant Thornton

Independent Auditor's Report to the Members of Advanced Manufacturing (Sheffield) Limited

We have audited the financial statements of Advanced Manufacturing (Sheffield) Limited for the year ended 31 December 2015, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity 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), including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 auditor

As explained more fully in the Directors' responsibilities statement, 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 Auditing Practices Board'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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of Advanced Manufacturing (Sheffield) Limited

Matters on which we are required to report by exception

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the Directors' report.

Michael Redfern (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
SHEFFIELD

30 June 2016

Advanced Manufacturing (Sheffield) Limited
Registered number:04364671

Statement of Comprehensive Income

For the Year Ended 31 December 2015

	Note	2015 £	2014 £
Turnover		**1,772,800**	1,648,260
Cost of sales		**(1,526,019)**	(1,201,153)
Gross profit		**246,781**	447,107
Administrative expenses		**(311,640)**	(301,754)
Other operating income		**45,181**	20,534
Operating (loss)/profit		**(19,678)**	165,887
Interest receivable and similar income	7	**3,740**	666
Interest payable and similar expenses	8	**(86,104)**	(47,990)
(Loss)/profit on ordinary activities before taxation		**(102,042)**	118,563
Tax on (loss)/profit	9	**5,500**	(5,500)
Total comprehensive income for the year		**(96,542)**	113,063

The notes on pages 8 to 24 form part of these financial statements.

Advanced Manufacturing (Sheffield) Limited
Registered number:04364671

Statement of Financial Position
As at 31 December 2015

	Note		2015 £		2014 £
Fixed assets					
Tangible assets	10		**2,715,710**		2,701,142
			2,715,710		2,701,142
Current assets					
Stocks	11	**15,800**		8,300	
Debtors: amounts falling due within one year	12	**777,631**		757,336	
Cash at bank and in hand	13	**125,403**		226,391	
		918,834		992,027	
Creditors: amounts falling due within one year	14	**(728,820)**		(750,731)	
Net current assets			**190,014**		241,296
Total assets less current liabilities			**2,905,724**		2,942,438
Creditors: amounts falling due after more than one year	15		**(2,271,222)**		(2,205,894)
Provisions for liabilities					
Deferred tax		**(61,496)**		(66,996)	
			(61,496)		(66,996)
Net assets			**573,006**		669,548
Capital and reserves					
Called up share capital	19		**100**		100
Revaluation reserve	18		**310,013**		354,300
Profit and loss account	18		**262,893**		315,148
			573,006		669,548

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2016.

N. L. Lane

N Lane
Director

Statement of Changes in Equity
As at 31 December 2015

	Share capital	Revaluation reserve	Retained earnings	Total equity
	£	£	£	£
At 1 January 2015	**100**	**354,300**	**315,148**	**669,548**
Comprehensive income for the year				
Loss for the year	-	-	**(96,542)**	**(96,542)**
Transfer to/from profit and loss account	-	**(44,287)**	**44,287**	-
At 31 December 2015	**100**	**310,013**	**262,893**	**573,006**

Statement of Changes in Equity
As at 31 December 2014

	Share capital	Revaluation reserve	Retained earnings	Total equity
	£	£	£	£
At 1 January 2014	**100**	**398,587**	**157,798**	**556,485**
Comprehensive income for the year				
Profit for the year	-	-	**113,063**	**113,063**
Transfer to/from profit and loss account	-	**(44,287)**	**44,287**	-
At 31 December 2014	**100**	**354,300**	**315,148**	**669,548**

The notes on pages 8 to 24 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies

1.1 Company information

Advanced Manufacturing (Sheffield) Limited is a company registered in England and Wales, registration number 04364671. The registered office is Club Mill Road, SHEFFIELD, South Yorkshire, S6 2FH.

The principal activity of the company continues to be the manufacture of components from hard metals for different industries with a main focus on Aerospace. In addition the company carries out prototyping work for its customers which will lead to on-going production orders and continues to carry out consultancy work.

1.2 Basis of preparation of financial statements

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

Information on the impact of first-time adoption of FRS 102 is given in note 27.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

In preparing the financial statements of Advanced Manufacturing (Sheffield) Limited, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No statement of cash flows has been presented;
- Disclosures in respect of financial instruments have not been presented as equvilent disclosures have been prepared in respect of the group in the consolidation financial statements;
- No disclosures have been given for aggregate remuneration of key management personnel as their remuneration is in the totals for the group as a whole in the consolidated financial statements.

The following principal accounting policies have been applied:

1.3 Going concern

The company made a loss before tax for the year of £102,042 (2014 - profit of £118,563) and had net current assets at 31 December 2015 of £190,014 (2014 - £241,296).

The financial statements have been prepared on the going concern basis. The directors have assessed the going concern position of the company and have no reason to believe that there is a material uncertainty that would affect the ability of the company to continue as a going concern for the foreseeable future. The directors consider the foreseeable future to be 12 months from the date the financial statements are signed.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.4 Tangible Fixed Assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses or at revaluation as deemed cost on transition to FRS 102. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Leasehold improvements	-	Over the remainder of the term of the lease
Plant and machinery	-	10-33% straight line
Motor vehicles	-	4 years
CNC lathes	-	10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of comprehensive income.

Notes to the Financial Statements
For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.5 Revenue

Revenue is recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Amounts receivable for services is recognised in the period which the services are provided according to the stage of completion of the contract. The value of unbilled work performed on contracts in progress is included in debtors as amounts recoverable on contracts.

Revenue from the sale of goods is recognised when the significant risk and rewards of ownership of the goods have transferred to the buyer based on specific contract terms.

Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

1.6 Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in first outbasis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Notes to the Financial Statements
For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.7 Deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change 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 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements
For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.8 Foreign currencies

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and loss account within 'other operating income'.

1.9 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Profit and loss account in the same period as the related expenditure.

1.10 Operating leases: Lessee

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

1.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.12 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 three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.13 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.14 Creditors

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

Notes to the Financial Statements
For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.15 Finance costs

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

1.16 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.17 Interest income

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

1.18 Borrowing costs

Arrangement fees are charged over the period of the facility. All other borrowing costs are recognised in the Profit and loss account in the year in which they are incurred.

1.19 Provisions for Liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

Notes to the Financial Statements
For the Year Ended 31 December 2015

2. Significant management judgements

Long term contracts

Management assess contracts weekly as they progress to determine the stage of completion and therefore revenue to be recognised. Where similar projects have been undertaken, these provide an appropiate benchmark for comparison and reference. Where no similar prior project exists, management assesments are made prudently, and linked to key milestones in each contract. Where contracts span a year-end, there are further reviews in the light of subsequent events. The directors consider this approach to be a reasonable basis for estimating the stage of completion and therefore revenue to be recognised.

3. Analysis of turnover

All turnover arose within the United Kingdom.

4. Other operating income

	2015	2014
	£	£
Release of government grants	**45,181**	20,534

5. Operating (loss)/profit

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

	2015	2014
	£	£
Depreciation of tangible fixed assets	**391,751**	259,407
Release of capital grants	**(58,289)**	(34,651)
Fees payable to the Company's auditor for the audit of the company's annual accounts	**5,500**	4,500
- Taxation compliance services	**1,000**	-
Exchange differences	**478**	-
Defined contribution pension cost	**6,719**	3,183
Operating lease rentals - Land and Buildings	**57,112**	47,040

6. Directors' remuneration

	2015	2014
	£	£
Directors' emoluments	**72,914**	73,954
Company contributions to defined contribution pension schemes	**3,278**	3,183
	76,192	77,137

During the year retirement benefits were accruing to 1 director (2014 - 1) in respect of defined contribution pension schemes.

Notes to the Financial Statements

For the Year Ended 31 December 2015

7. Interest receivable

	2015	2014
	£	£
Other interest receivable	**3,740**	666

8. Interest payable and similar charges

	2015	2014
	£	£
Bank interest payable	**878**	587
Other loan interest payable	**43,989**	15,496
Finance leases and hire purchase contracts	**41,237**	31,907
	86,104	47,990

9. Taxation

	2015	2014
	£	£
Deferred tax		
Origination and reversal of timing differences	**(5,500)**	5,500

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - lower than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%). The differences are explained below:

	2015	2014
	£	£
(Loss)/Profit on ordinary activities before tax	**(102,042)**	118,563
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%)	**(20,660)**	25,483
Effects of:		
Fixed asset differences	**7,263**	(34,808)
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**2,761**	1,668
Unrelieved tax losses	**-**	7,657
Rate difference-deferred tax	**1,505**	-
Deferred tax not recognised	**3,631**	5,500
Total tax charge for the year	**(5,500)**	5,500

10. Tangible fixed assets

	Leasehold improvements	Plant and machinery	Motor Vehicles	CNC Lathes	Total
	£	£	£	£	£
Cost					
At 1 January 2015	130,355	409,657	-	2,612,200	3,152,212
Additions	6,084	385,335	14,900	-	406,319
At 31 December 2015	136,439	794,992	14,900	2,612,200	3,558,531
Depreciation					
At 1 January 2015	66,250	69,764	-	315,056	451,070
Charge owned for the period	13,797	113,940	2,794	261,220	391,751
At 31 December 2015	80,047	183,704	2,794	576,276	842,821
Net Book Value					
At 31 December 2015	56,392	611,288	12,106	2,035,924	2,715,710
At 31 December 2014	64,105	339,893	-	2,297,144	2,701,142

Notes to the Financial Statements
For the Year Ended 31 December 2015

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2015	2014
	£	£
Plant and machinery	**122,164**	-
CNC Lathes	**1,376,174**	1,897,144

Tangible fixed assets (continued)

Cost or valuation at 31 December 2015 is as follows:

	CMC Lathes
	£
At cost	**1,669,700**
At valuation*	**942,500**
	2,612,200

*the CNC Lathes were revalued on an open market value at 31 Decemeber 2012

If the CNC Lathes had been included under the historical cost convention they would be presented as follows:

	2015	2014
	£	£
Cost	**2,179,700**	**2,179,700**
Accumulated Depreciation	**(455,114)**	**(237,144)**
Net book value	**1,724,586**	**1,942,556**

11. Stocks

	2015	2014
	£	£
Raw materials and consumables	**15,800**	8,300
	15,800	8,300

Amounts charged to profit and loss in relation to stock purchases in the year totalled £131,145 (2014 - £119,989).

During the year there was no provision or write-off to profit and loss in repect of obsolete stock (2014 - Nil).

Notes to the Financial Statements

For the Year Ended 31 December 2015

12. Debtors

	2015	2014
	£	£
Trade debtors	**349,926**	341,250
Other debtors	**69,216**	202,067
Amounts recoverable on long term contracts	**358,489**	214,019
	777,631	757,336

During the year the bad debt expense amounted to £Nil (2014 - £Nil)

13. Cash and cash equivalents

	2015	2014
	£	£
Cash at bank and in hand	**125,403**	226,391
Less: bank overdrafts	**(34,863)**	(40,739)
	90,540	185,652

14. Creditors: Amounts falling due within one year

	2015	2014
	£	£
Bank overdrafts	**34,863**	40,739
Trade creditors	**239,971**	249,211
Amounts owed to group undertakings	**20,416**	13,573
Taxation and social security	**31,078**	17,881
Obligations under finance lease and hire purchase contracts	**244,730**	280,214
Other creditors	**24,151**	98,997
Accruals and deferred income	**133,611**	50,116
	728,820	750,731

Notes to the Financial Statements

For the Year Ended 31 December 2015

15. Creditors: Amounts falling due after more than one year

	2015 £	2014 £
Net obligations under finance leases and hire purchase contracts	**617,486**	793,275
Other creditors	**1,049,500**	754,320
Deferred government grants	**604,236**	658,299
	2,271,222	2,205,894

Secured loans

Assets held under hire purchase agreement are secured against the assets to which they relate.

Bank loans and overdrafts are secured by way of a fixed and floating charge over various assets of the company.

16. Hire purchase & finance leases

Minimum lease payments under hire purchase fall due as follows:

	2015 £	2014 £
Within one year	**244,730**	280,214
Within one and two years	**254,707**	229,488
Within three to five years	**362,779**	563,786
	862,216	1,073,488

17. Deferred taxation

	Deferred tax
	£
At 1 January 2015	**66,996**
Charged to the profit or loss	**(5,500)**
At 31 December 2015	**61,496**

The provision for deferred taxation is made up as follows:

	2015	2014
	£	£
Accelerated capital allowances	**115,496**	77,000
Tax losses carried forward	**(115,496)**	(71,500)
Deferred tax on revalued item	**61,496**	61,496
	61,496	66,996

18. Reserves

Revaluation reserve

Comprises revaluation differences arising from the revaluation of tangible fixed assets.

Profit and loss account

Includes all current and prior period retained profits and losses.

19. Share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
100 Ordinary Shares shares of £1 each	**100**	100

20. Contingent liabilities

The company has recognised grant income during the year in relation to capital expenditure. The funding body has clawback arrangements in place and the company may have to pay monies back in the event of an unsatisfactory audit or due to failure to achieve certain targets.

21. Capital commitments

At 31 December 2015 the Company had capital commitments as follows:

	2015 £	2014 £
Contracted for but not provided in these financial statements	**1,140**	-
	1,140	-

22. Pension commitments

Contributions payable to the defined contribution pension scheme at the end of the year was £4,452. The amount paid over to the scheme totalled £6,719 (2014 - £3,183).

23. Commitments under operating leases

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £	2014 £
Not later than 1 year	**63,240**	63,240
Between 1 and 2 years	**63,240**	63,240
Between 2 and 5 years	**126,478**	189,719
Total	**252,958**	316,199

24. Related party transactions

A management charge to Chapmans Agricultural Limited, the Company's parent undertaking, of £7,500 excluding VAT (2014 - £30,000), was incurred during the year. This was outstanding at the statement of financial position date. Interest of £12,916 (2014-£4,999) on intercompany loan balances was outstanding to Champans Agricultural Limited at the statement of financial position date.

At the year end the company had a balance of £nil (2014 - £767,893) outstanding with Lane Properties Yorkshire LLP, a partnership controlled by N Lane and I Lane, who are both directors of the company. During the year an advance of £nil (2014 - £531,654) was made. Interest of £nil (2014 - £8,350) was charged on the loan and interest repayments of £nil were made.

An advance was made from Mrs J Lane & Mrs S Lane totalling £1,049,500 during the year. Interest of £35,911 was charged on the loan. The total of £1,054,367 was outstanding at the statement of financial position date.

25. Controlling party

The ultimate parent undertaking is Chapmans Agricultural Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the ultimate parent undertaking's consolidated financial statements may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

The shares in Chapmans Agricultural Limited are held in such proportions that there is no single controlling party of the company.

26. Liability limitation agreement with auditor

The company has entered into a limited liability agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the period ended 31 December 2015. The proportionate liability agreement follows the terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Audit Liability Agreements, and was approved by the shareholders by written resolution dated 11 March 2016.

27. First time adoption of FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014.

Deferred Tax

The only impact on profit and loss as a result of the transition is the requirement to recognise deferred tax on the revaluation reserve. The value of this deferred tax liability is £61,496. This has been recognised at the transition date of 1 January 2014, with the position at 31 December 2014 restated to reflect this.

The policies applied under the entity's previous accounting framework have been altered on transition to FRS 102 as described below, but have not impacted on equity or profit or loss.

CNC Lathes

The CNC Lathes held in the company were previously accounted for using a policy based on revaluation. On transition, the assets were valued at a deemed cost equal to the net book value at that date, and a historic cost policy adopted.