

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTOR AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015
FOR
OLYMPUS ENGINEERING (HOLDINGS) LIMITED**

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OLYMPUS ENGINEERING (HOLDINGS) LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2015

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OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2015**

DIRECTOR: J P Dorsett

REGISTERED OFFICE: Suite 1.3
20 Market Street
Altrincham
Cheshire
WA14 1PF

REGISTERED NUMBER: 09009424 (England and Wales)

SENIOR STATUTORY AUDITOR: Stephen Grayson FCCA

AUDITORS: Howard Worth
Chartered Accountants and
Statutory Auditors
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The director presents his strategic report of the company and the group for the year ended 31 December 2015.

REVIEW OF BUSINESS

The group's principal activities during the period continued to be that of precision engineering.

The trading results for the year ended 31 December 2015 show a pre-tax profit of £1,924,483 (6.5 months to 31 December 2014 £1,481,638). Turnover for the period was £14,027,778 (6.5 months to 31 December 2014 £8,362,095). The directors consider this is an excellent result given more difficult trading conditions.

The strong trading results for the group have resulted in net funds of £3,589,846 (31 December 2014 £2,266,562).

KEY PERFORMANCE INDICATORS

Given the straight forward nature of the business, the group's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company are considered to relate to competition, employee retention, engineering performance and the general state of the economy.

The directors believe that the company is well placed to embrace these challenges and to continue to deliver a strong financial performance in the future.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

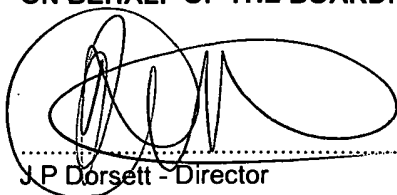
The company finances its operations through a mixture of retained profits and where necessary to fund expansion or capital expenditure programmes, through bank borrowings.

The management's objectives are to:

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds;
- minimise the company's exposure to fluctuating interest rates when seeking new borrowings; and
- match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the company's trading activities.

Where appropriate, funds are held primarily in short term variable rate deposit accounts. The directors believe that this gives them the flexibility to release cash resources at short notice and also allows them to take advantage of changing conditions in the finance markets as they arise. All deposits are with reputable UK banks and the directors believe their choice of bank minimises any credit risk associated with not placing funds on deposit with a UK clearing bank.

ON BEHALF OF THE BOARD:



J.P. Dorsett - Director

Date: 19/5/16

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

REPORT OF THE DIRECTOR FOR THE YEAR ENDED 31 DECEMBER 2015

The director presents his report with the financial statements of the company and the group for the year ended 31 December 2015.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2015.

DIRECTOR

S J Scott held office from 1 January 2015 until after 31 December 2015 but prior to the date of this report.
J P Dorsett was appointed as a director after 31 December 2015 but prior to the date of this report.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Report of the Director 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 the group and of the profit or loss of the group 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;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

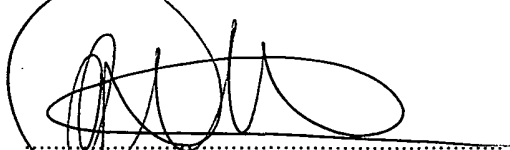
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 group'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 group's auditors are aware of that information.

AUDITORS

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

ON BEHALF OF THE BOARD:


J P Dorsett - Director

Date: 19/5/16

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF OLYMPUS ENGINEERING (HOLDINGS) LIMITED

We have audited the financial statements of Olympus Engineering (Holdings) Limited for the year ended 31 December 2015 on pages six to twenty seven. 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 Financial Reporting Standard 102 '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 a Report of the Auditors 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 director and auditors

As explained more fully in the Statement of Director's Responsibilities set out on page three, the director is 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Report of the Director to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
OLYMPUS ENGINEERING (HOLDINGS) 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 by the parent company, or 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Howard Worth

Stephen Grayson FCCA (Senior Statutory Auditor)
for and on behalf of Howard Worth
Chartered Accountants and
Statutory Auditors
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

Date: 25/5/16

OLYMPUS ENGINEERING (HOLDINGS) LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

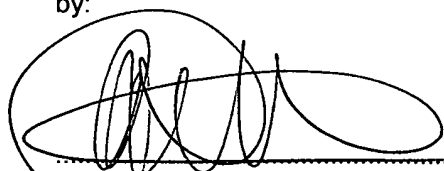
	Notes	Year Ended 31/12/15 £	£	Period 25/4/14 to 31/12/14 £	£
TURNOVER	3		14,027,778		8,362,095
Cost of sales			<u>9,592,997</u>		<u>6,260,144</u>
GROSS PROFIT			4,434,781		2,101,951
Distribution costs		2,089		6,123	
Administrative expenses		<u>2,409,586</u>		<u>1,055,885</u>	
			<u>2,411,675</u>		<u>1,062,008</u>
			2,023,106		1,039,943
Other operating income	4		<u>13,416</u>		<u>520,125</u>
OPERATING PROFIT	7		2,036,522		1,560,068
Interest receivable and similar income			-		<u>8,349</u>
			2,036,522		1,568,417
Interest payable and similar charges	8		<u>112,039</u>		<u>86,779</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			1,924,483		1,481,638
Tax on profit on ordinary activities	9		<u>601,199</u>		<u>275,683</u>
PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP			1,323,284		1,205,955
OTHER COMPREHENSIVE INCOME			-		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			<u>1,323,284</u>		<u>1,205,955</u>
Profit attributable to: Owners of the parent			<u>1,323,284</u>		<u>1,205,955</u>
Total comprehensive income attributable to: Owners of the parent			<u>1,323,284</u>		<u>1,205,955</u>

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2015

	Notes	31/12/15 £	31/12/14 £
FIXED ASSETS			
Intangible assets	11	2,202,105	2,549,330
Tangible assets	12	3,579,861	2,586,570
Investments	13	-	-
		<u>5,781,966</u>	<u>5,135,900</u>
CURRENT ASSETS			
Stocks	14	876,995	998,819
Debtors	15	2,006,578	2,479,897
Cash at bank		<u>189,480</u>	<u>488,049</u>
		3,073,053	3,966,765
CREDITORS			
Amounts falling due within one year	16	<u>3,559,349</u>	<u>4,282,828</u>
NET CURRENT LIABILITIES		<u>(486,296)</u>	<u>(316,063)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,295,670	4,819,837
CREDITORS			
Amounts falling due after more than one year	17	(1,483,095)	(2,453,275)
PROVISIONS FOR LIABILITIES	21	<u>(222,729)</u>	<u>(100,000)</u>
NET ASSETS		<u>3,589,846</u>	<u>2,266,562</u>
CAPITAL AND RESERVES			
Called up share capital	22	1,060,607	1,060,607
Retained earnings	23	<u>2,529,239</u>	<u>1,205,955</u>
SHAREHOLDERS' FUNDS		<u>3,589,846</u>	<u>2,266,562</u>

The financial statements were approved by the director on 19/5/16 and were signed by:



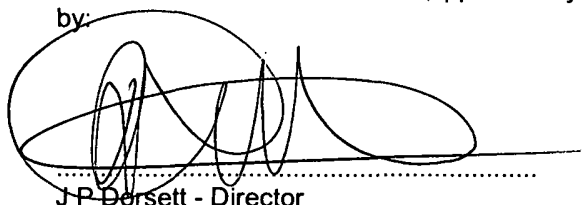
J P Dorsett - Director

The notes form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2015

	Notes	31/12/15		31/12/14	
		£	£	£	£
FIXED ASSETS					
Intangible assets	11		-		-
Tangible assets	12		-		-
Investments	13		<u>8,824,338</u>		<u>8,909,338</u>
			8,824,338		8,909,338
CREDITORS					
Amounts falling due within one year	16	<u>7,763,731</u>		<u>7,848,731</u>	
NET CURRENT LIABILITIES			<u>(7,763,731)</u>		<u>(7,848,731)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,060,607</u>		<u>1,060,607</u>
CAPITAL AND RESERVES					
Called up share capital	22		<u>1,060,607</u>		<u>1,060,607</u>
SHAREHOLDERS' FUNDS			<u>1,060,607</u>		<u>1,060,607</u>

The financial statements were approved by the director on 19/5/16 and were signed by:



J P Dersett - Director

The notes form part of these financial statements

OLYMPUS ENGINEERING (HOLDINGS) LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital £	Retained earnings £	Total equity £
Changes in equity			
Issue of share capital	1,060,607	-	1,060,607
Total comprehensive income	<u>-</u>	<u>1,205,955</u>	<u>1,205,955</u>
Balance at 31 December 2014	<u>1,060,607</u>	<u>1,205,955</u>	<u>2,266,562</u>
 Changes in equity			
Total comprehensive income	<u>-</u>	<u>1,323,284</u>	<u>1,323,284</u>
Balance at 31 December 2015	<u><u>1,060,607</u></u>	<u><u>2,529,239</u></u>	<u><u>3,589,846</u></u>

The notes form part of these financial statements

OLYMPUS ENGINEERING (HOLDINGS) LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital £	Retained earnings £	Total equity £
Changes in equity			
Issue of share capital	<u>1,060,607</u>	<u>-</u>	<u>1,060,607</u>
Balance at 31 December 2014	<u>1,060,607</u>	<u>-</u>	<u>1,060,607</u>
Changes in equity			
Balance at 31 December 2015	<u><u>1,060,607</u></u>	<u><u>-</u></u>	<u><u>1,060,607</u></u>

The notes form part of these financial statements

OLYMPUS ENGINEERING (HOLDINGS) LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

		Year Ended 31/12/15 £	Period 25/4/14 to 31/12/14 £
	Notes		
Cash flows from operating activities			
Cash generated from operations	1	2,910,075	1,739,287
Interest paid		(108,595)	(80,298)
Interest element of hire purchase payments paid		(3,444)	(6,481)
Tax paid		<u>(1,008,715)</u>	<u>-</u>
Net cash from operating activities		<u>1,789,321</u>	<u>1,652,508</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,144,122)	-
Sale of tangible fixed assets		-	42,671
Acquisition of Olympus Engineering Ltd		85,000	(8,909,338)
Net cash acquired from subsidiaries		-	2,878,910
Interest received		<u>-</u>	<u>8,349</u>
Net cash from investing activities		<u>(1,059,122)</u>	<u>(5,979,408)</u>
Cash flows from financing activities			
New loans in year		-	4,585,394
Loan repayments in year		(1,038,000)	(769,000)
Capital repayments in year		(24,851)	(168,615)
Amount introduced by directors		-	106,563
Share issue		<u>-</u>	<u>1,060,607</u>
Net cash from financing activities		<u>(1,062,851)</u>	<u>4,814,949</u>
(Decrease)/increase in cash and cash equivalents		<u>(332,652)</u>	<u>488,049</u>
Cash and cash equivalents at beginning of year	2	<u>488,049</u>	<u>-</u>
Cash and cash equivalents at end of year	2	<u><u>155,397</u></u>	<u><u>488,049</u></u>

The notes form part of these financial statements

OLYMPUS ENGINEERING (HOLDINGS) LIMITED
NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. RECONCILIATION OF PROFIT FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS

	Year Ended 31/12/15 £	Period 25/4/14 to 31/12/14 £
Profit for the financial year	1,323,284	1,205,955
Depreciation charges	569,976	381,309
Profit on disposal of fixed assets	-	(13,456)
Government grants	(13,416)	(20,125)
Finance costs	112,039	86,779
Finance income	-	(8,349)
Taxation	<u>601,199</u>	<u>275,683</u>
	2,593,082	1,907,796
Decrease/(increase) in stocks	121,824	(222,377)
Decrease in trade and other debtors	435,816	628,940
Decrease in trade and other creditors	<u>(240,647)</u>	<u>(575,072)</u>
Cash generated from operations	<u><u>2,910,075</u></u>	<u><u>1,739,287</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Consolidated Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2015

	31/12/15 £	1/1/15 £
Cash and cash equivalents	189,480	488,049
Bank overdrafts	<u>(34,083)</u>	<u>-</u>
	<u><u>155,397</u></u>	<u><u>488,049</u></u>

Period ended 31 December 2014

	31/12/14 £	25/4/14 £
Cash and cash equivalents	<u><u>488,049</u></u>	<u><u>-</u></u>

The notes form part of these financial statements

OLYMPUS ENGINEERING (HOLDINGS) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. COMPANY INFORMATION

Olympus Engineering (Holdings) Limited is a limited company domiciled and incorporated in England & Wales, registration number 09009424.

The address of the registered office is:

Suite 1.3
20 Market Street
Altrincham
Cheshire
WA14 1PF

The principal place of business is:

Garner Street
Stoke-on-Trent
Staffordshire
ST4 7AS

The group's principal activity is that of precision engineering.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

This is the first year in which the accounts have been prepared under FRS 102 and there are no material departures from that standard. Refer to note 26 for an explanation of the transition.

The financial statements are presented in Sterling (£).

Going Concern

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue operational existence for the foreseeable future. The group, therefore, continues to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over 10 years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover from the sale of engineered components is recognised when the significant risks and rewards of ownership of the goods is transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods.

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. ACCOUNTING POLICIES - continued

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2014, is being amortised evenly over its estimated useful life of ten years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 10% on reducing balance
Fixtures and fittings	- 15% on cost
Motor vehicles	- 25% on cost

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2015

2. ACCOUNTING POLICIES - continued

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or using other future taxable profits.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items credited or charged directly to other comprehensive income or equity, in which case the tax follows the transaction or event it relates to and is also charged or credited directly to other comprehensive income, or equity.

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

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.

An asset and corresponding liability are recognised for leasing agreements that transfer to the company substantially all of the risks and rewards incidental to ownership (finance leases). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit and loss so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are expensed as incurred.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

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

Government grants

Government grants received in respect of capital purchases are released to the profit & loss account over the useful life of the assets to which they relate.

Investments

Investments represent the value of shares held in subsidiaries and are valued at cost less any provision required for impairment.

Debtors

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

Creditors

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

Provisions for liabilities

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 the obligation, and a reliable estimate can be made of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises. The company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

3. TURNOVER

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

An analysis of turnover by geographical market is given below:

	Year Ended 31/12/15 £	Period 25/4/14 to 31/12/14 £
United Kingdom	12,575,410	7,180,415
Europe	1,408,597	1,178,885
Asia	43,771	2,795
	<u>14,027,778</u>	<u>8,362,095</u>

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

4. OTHER OPERATING INCOME

	Year Ended 31/12/15 £	Period 25/4/14 to 31/12/14 £
Sundry receipts	-	500,000
Government grants	<u>13,416</u>	<u>20,125</u>
	<u>13,416</u>	<u>520,125</u>

During the prior period the company received £500,000 in respect of a claim made on a life policy.

5. STAFF COSTS

	Year Ended 31/12/15 £	Period 25/4/14 to 31/12/14 £
Wages and salaries	4,164,301	2,759,310
Social security costs	392,971	394,272
Other pension costs	<u>25,143</u>	<u>16,779</u>
	<u>4,582,415</u>	<u>3,170,361</u>

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

	Year Ended 31/12/15	Period 25/4/14 to 31/12/14
Productive	144	153
Management	6	5
Administration	<u>6</u>	<u>6</u>
	<u>156</u>	<u>164</u>

The group operates a defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pensions provider. Pension payments recognised as an expense during the year amount to £25,143 (2014: £16,779). Contributions totalling £4,985 (2014: £1,438) were payable to the fund at the year end and are included in creditors.

6. DIRECTORS' EMOLUMENTS

	Year Ended 31/12/15 £	Period 25/4/14 to 31/12/14 £
Director's remuneration	92,778	53,714
Director's pension contributions to money purchase schemes	<u>1,022</u>	<u>443</u>

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

6. DIRECTORS' EMOLUMENTS - continued

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

7. OPERATING PROFIT

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

	Year Ended 31/12/15 £	Period 25/4/14 to 31/12/14 £
Depreciation - owned assets	296,127	220,386
Depreciation - assets on hire purchase contracts	11,624	-
Profit on disposal of fixed assets	-	(13,456)
Goodwill amortisation	262,225	157,923
Auditors' remuneration	10,578	5,000
Foreign exchange differences	(11,496)	(5,525)
Rental of land and buildings	<u>438,333</u>	<u>269,415</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31/12/15 £	Period 25/4/14 to 31/12/14 £
Bank interest	-	1,226
Interest on overdue tax	817	3,560
Loan interest	107,778	75,512
Hire purchase	<u>3,444</u>	<u>6,481</u>
	<u>112,039</u>	<u>86,779</u>

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

9. TAXATION

Analysis of the tax charge

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

	Year Ended 31/12/15 £	Period 25/4/14 to 31/12/14 £
Current tax:		
UK corporation tax	338,000	316,262
Under provision in prior year	<u>2,967</u>	<u>2,784</u>
Total current tax	340,967	319,046
Deferred tax	<u>260,232</u>	<u>(43,363)</u>
Tax on profit on ordinary activities	<u><u>601,199</u></u>	<u><u>275,683</u></u>

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:

	Year Ended 31/12/15 £	Period 25/4/14 to 31/12/14 £
Profit on ordinary activities before tax	<u>1,924,483</u>	<u>1,481,638</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.247% (2014 - 21%)	389,650	311,144
Effects of:		
Expenses not deductible for tax purposes	6,397	3,793
Income not taxable for tax purposes	(2,716)	(7,569)
Capital allowances in excess of depreciation	(55,366)	-
Depreciation in excess of capital allowances	-	8,894
Adjustments to tax charge in respect of previous periods	2,967	2,784
Deferred tax charge/(credit)	260,232	(43,363)
Rounding	<u>35</u>	<u>-</u>
Total tax charge	<u><u>601,199</u></u>	<u><u>275,683</u></u>

10. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £0 (2014 - £0).

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

11. INTANGIBLE FIXED ASSETS

Group

	Goodwill £
COST	
At 1 January 2015	2,707,253
Reduction of purchase cost	<u>(85,000)</u>
At 31 December 2015	<u>2,622,253</u>
AMORTISATION	
At 1 January 2015	157,923
Amortisation for year	<u>262,225</u>
At 31 December 2015	<u>420,148</u>
NET BOOK VALUE	
At 31 December 2015	<u>2,202,105</u>
At 31 December 2014	<u>2,549,330</u>

12. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Short leasehold £	Plant and machinery £
COST			
At 1 January 2015	-	-	2,711,033
Additions	<u>838,400</u>	<u>253,277</u>	<u>209,365</u>
At 31 December 2015	<u>838,400</u>	<u>253,277</u>	<u>2,920,398</u>
DEPRECIATION			
At 1 January 2015	-	-	155,438
Charge for year	<u>-</u>	<u>-</u>	<u>299,557</u>
At 31 December 2015	<u>-</u>	<u>-</u>	<u>454,995</u>
NET BOOK VALUE			
At 31 December 2015	<u>838,400</u>	<u>253,277</u>	<u>2,465,403</u>
At 31 December 2014	<u>-</u>	<u>-</u>	<u>2,555,595</u>

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

12. TANGIBLE FIXED ASSETS - continued

Group

	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 January 2015	14,391	20,453	2,745,877
Additions	-	-	1,301,042
At 31 December 2015	14,391	20,453	4,046,919
DEPRECIATION			
At 1 January 2015	1,116	2,753	159,307
Charge for year	1,596	6,598	307,751
At 31 December 2015	2,712	9,351	467,058
NET BOOK VALUE			
At 31 December 2015	11,679	11,102	3,579,861
At 31 December 2014	13,275	17,700	2,586,570

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £
COST	
Additions	174,356
At 31 December 2015	174,356
DEPRECIATION	
Charge for year	11,624
At 31 December 2015	11,624
NET BOOK VALUE	
At 31 December 2015	162,732

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

13. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2015	8,909,338
Reduction of purchase cost	<u>(85,000)</u>
At 31 December 2015	<u>8,824,338</u>
NET BOOK VALUE	
At 31 December 2015	<u>8,824,338</u>
At 31 December 2014	<u>8,909,338</u>

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries

Olympus Engineering Limited

Nature of business: Engineering

	% holding	31/12/15 £	31/12/14 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		9,151,473	7,565,964
Profit for the year/period		<u>1,585,509</u>	<u>3,099,831</u>

Olympus Manufacturing Limited

Nature of business: Dormant

	% holding	31/12/15 £	31/12/14 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		<u>100</u>	<u>100</u>

The shares in Olympus Manufacturing Limited are 100% owned by the subsidiary Olympus Engineering Limited.

During the year the company received £85,000 back from the previous owners of Olympus Engineering Limited. The cost of the investment has therefore been reduced accordingly.

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

14. STOCKS

	Group	
	31/12/15	31/12/14
	£	£
Raw materials	521,980	510,819
Work-in-progress	<u>355,015</u>	<u>488,000</u>
	<u>876,995</u>	<u>998,819</u>

Stock recognised in cost of sales during the year as an expense was £5,573,939 (2014: £9,347,774).

As at 31 December 2015 an impairment loss of £5,065 (2014: £7,250) was recognised against stock due to slow-moving and obsolete stock.

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	31/12/15	31/12/14
	£	£
Trade debtors	1,798,346	2,213,500
Other debtors	7,096	40,931
Deferred tax asset	-	37,503
Prepayments and accrued income	<u>201,136</u>	<u>187,963</u>
	<u>2,006,578</u>	<u>2,479,897</u>

As at 31 December 2015 an impairment loss £nil (2014: £nil) was recognised in respect of trade receivables due from customers who are known to be in financial difficulty and from whom payment was overdue by more than three months

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Company	
	31/12/15	31/12/14	31/12/15
	£	£	£
Bank loans and overdrafts (see note 18)	34,083	-	-
Other loans (see note 18)	1,477,394	1,477,394	-
Hire purchase contracts (see note 19)	50,833	-	-
Trade creditors	1,177,813	955,513	-
Amounts owed to group undertakings	-	-	7,763,731
Taxation	121,197	788,945	-
Social security and other taxes	79,783	102,092	-
VAT	243,119	332,580	-
Other creditors	36,054	41,549	-
Accruals and deferred income	<u>339,073</u>	<u>584,755</u>	<u>-</u>
	<u>3,559,349</u>	<u>4,282,828</u>	<u>7,763,731</u>
			<u>7,848,731</u>

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	31/12/15	31/12/14
	£	£
Other loans (see note 18)	1,301,000	2,339,000
Hire purchase contracts (see note 19)	81,236	-
Deferred government grants	<u>100,859</u>	<u>114,275</u>
	<u><u>1,483,095</u></u>	<u><u>2,453,275</u></u>

18. LOANS

An analysis of the maturity of loans is given below:

	Group	
	31/12/15	31/12/14
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	34,083	-
PNC Cash flow loan	600,000	600,000
PNC P&M loan	438,000	438,000
Other loan	<u>439,394</u>	<u>439,394</u>
	<u><u>1,511,477</u></u>	<u><u>1,477,394</u></u>
Amounts falling due between one and two years:		
PNC cash flow loan	250,000	600,000
PNC P&M loan	<u>438,000</u>	<u>438,000</u>
	<u><u>688,000</u></u>	<u><u>1,038,000</u></u>
Amounts falling due between two and five years:		
PNC cash flow loan	613,000	250,000
PNC P&M loan	<u>-</u>	<u>1,051,000</u>
	<u><u>613,000</u></u>	<u><u>1,301,000</u></u>

The PNC P&M loan is repayable over 59 months. Interest on this loan is charged at 2.75% above Barclays Bank Plc base rate.

The PNC Cash flow loan is repayable over 36 months. Interest on this loan is charged at 3.75% above Barclays Bank Plc base rate.

The discounting facility is repayable on demand with interest charged on the outstanding balance at a rate of 2.25% above the Barclays Bank Plc base rate.

The other loan which is from Corpacq Limited, is repayable on demand. No interest is charged on this loan.

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

19. LEASING AGREEMENTS

Group

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31/12/15	31/12/14
	£	£
Net obligations repayable:		
Within one year	50,833	-
Between one and five years	<u>81,236</u>	<u>-</u>
	<u>132,069</u>	<u>-</u>
Non-cancellable operating leases		
	31/12/15	31/12/14
	£	£
Within one year	385,000	418,333
Between one and five years	1,315,417	1,540,000
In more than five years	<u>-</u>	<u>160,417</u>
	<u>1,700,417</u>	<u>2,118,750</u>

The company had total commitments under non-cancellable operating leases as detailed above.

20. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	31/12/15	31/12/14
	£	£
PNC Cash flow loan	1,463,000	1,450,000
PNC P&M loan	876,000	1,927,000
Hire purchase contracts	<u>132,069</u>	<u>-</u>
	<u>2,471,069</u>	<u>3,377,000</u>

Included within bank overdrafts is an invoice discounting creditor of £34,083 (2014: nil). This is secured against the book debts of the company to which it relates.

The Intercompany loan with Corpacq Limited is secured by a debenture date 12 June 2014.

The financing provided by PNC Business Credit is secured by a composite guarantee and debenture date 12 June 2014.

The hire purchase creditor is secured on the assets to which the finance relates.

21. PROVISIONS FOR LIABILITIES

	Group	
	31/12/15	31/12/14
	£	£
Deferred tax	<u>222,729</u>	<u>-</u>

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

21. PROVISIONS FOR LIABILITIES - continued

Group

	Deferred tax £	Other provisions £
Balance at 1 January 2015	(37,503)	100,000
Credit to Statement of Comprehensive Income during year	260,232	-
Provision released	<u>-</u>	<u>(100,000)</u>
Balance at 31 December 2015	<u>222,729</u>	<u>-</u>

The other provision related to warranties and is no longer considered to be required.

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	31/12/15 £	31/12/14 £
1,060,607	Ordinary		<u>1,060,607</u>	<u>1,060,607</u>

Called up share capital represents the nominal value of shares that have been issued.

23. RESERVES

Group

	Retained earnings £
At 1 January 2015	1,205,955
Profit for the year	<u>1,323,284</u>
At 31 December 2015	<u>2,529,239</u>

Company

	Retained earnings £
Profit for the year	<u>-</u>
At 31 December 2015	<u>-</u>

Retained earnings include all current and prior period retained profits and losses.

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

24. 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.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Corpacq Limited

A company which has directors in common

During the period the group paid management charges of £187,500 (2014 £87,500) to Corpacq Limited.

In addition, the group paid recruitment fees of £10,400 and health insurance of £3,178 to Corpacq.

	31/12/15	31/12/14
	£	£
Amount due from related party at the balance sheet date	<u>439,743</u>	<u>-</u>

Dunham Consultancy

S Orange is a 28.29% shareholder in the Holding Company.

During the year the group paid management charges of £187,500 (2014: £87,500) to Dunham Consultancy.

25. ULTIMATE CONTROLLING PARTY

In the opinion of the director there is no ultimate controlling party.

26. FIRST YEAR ADOPTION

The date of transition to FRS 102 was 1 July 2013.

With the exception of the holiday pay accrual there were no transitional adjustments required in moving from old UK GAAP to FRS 102.

The adjustment to opening creditors at 1 July 2013 in respect of the holiday pay accrual would have been £21,000 if this had been adjusted in the financial statements.