

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTOR AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
FOR
OLYMPUS ENGINEERING (HOLDINGS) LIMITED**

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OLYMPUS ENGINEERING (HOLDINGS) LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2016

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OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016**

DIRECTOR:

B D Hancock

REGISTERED OFFICE:

Suite 1.3
20 Market Street
Altrincham
Cheshire
WA14 1PF

REGISTERED NUMBER:

09009424 (England and Wales)

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 2016**

The director presents his strategic report of the company and the group for the year ended 31 December 2016.

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016 show a pre-tax profit of £1,233,674 before amortisation of goodwill of £262,226 which leaves a net profit on consolidation of £971,448 (2015 £2,186,708 before amortisation of £262,225 to leave a net profit on consolidation of £1,924,483). Turnover for the period was £10,963,996 (2015 £14,027,778). The directors consider this reflects a good trading performance given more difficult economic and political conditions.

The strong trading results for the group have resulted in net funds of £4,158,474 (2015 £3,589,846).

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

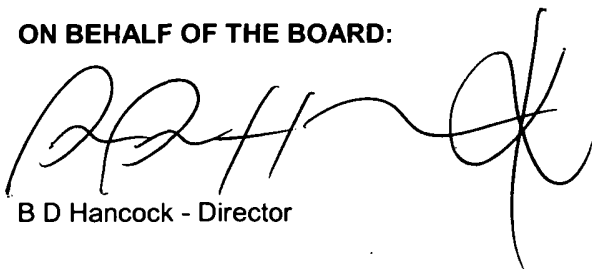
The company finances its operations through a mixture of retained profits and where necessary to fund expansion or capital expenditure programmes, through bank borrowings.

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:



B D Hancock - Director

15 June 2017

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

REPORT OF THE DIRECTOR FOR THE YEAR ENDED 31 DECEMBER 2016

The director presents his report with the financial statements of the company and the group for the year ended 31 December 2016.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2016.

DIRECTORS

S J Scott - resigned 26 January 2016

J P Dorsett - appointed 26 January 2016

B D Hancock was appointed as a director after 31 December 2016 but prior to the date of this report.

J P Dorsett ceased to be a director after 31 December 2016 but prior to the date of this report.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Group Strategic Report, 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:



B D Hancock - Director

15 June 2017

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 2016 on pages seven 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 four, 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 2016 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.

f Johnson

Frances M C Johnson BSc FCA (Senior Statutory Auditor)
for and on behalf of Howard Worth
Chartered Accountants and
Statutory Auditors
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

15 June 2017

OLYMPUS ENGINEERING (HOLDINGS) LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	31/12/16 £	31/12/15 £
TURNOVER	4	10,963,996	14,027,778
Cost of sales		7,557,333	9,592,997
GROSS PROFIT		3,406,663	4,434,781
Distribution costs		1,580	2,089
Administrative expenses		2,381,777	2,409,586
		2,383,357	2,411,675
		1,023,306	2,023,106
Other operating income	5	19,522	13,416
OPERATING PROFIT	8	1,042,828	2,036,522
Interest payable and similar expenses	9	71,380	112,039
PROFIT BEFORE TAXATION		971,448	1,924,483
Tax on profit	10	199,396	601,199
PROFIT FOR THE FINANCIAL YEAR		772,052	1,323,284
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		772,052	1,323,284
Profit attributable to: Owners of the parent		772,052	1,323,284
Total comprehensive income attributable to: Owners of the parent		772,052	1,323,284

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2016

	Notes	31/12/16 £	31/12/15 £
FIXED ASSETS			
Intangible assets	12	1,939,880	2,202,105
Tangible assets	13	4,134,263	3,579,861
Investments	14	-	-
		<u>6,074,143</u>	<u>5,781,966</u>
CURRENT ASSETS			
Stocks	15	906,412	876,995
Debtors	16	1,825,906	2,006,578
Cash at bank		166,852	189,480
		<u>2,899,170</u>	<u>3,073,053</u>
CREDITORS			
Amounts falling due within one year	17	<u>2,782,806</u>	<u>3,559,349</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>116,364</u>	<u>(486,296)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,190,507</u>	<u>5,295,670</u>
CREDITORS			
Amounts falling due after more than one year	18	(1,589,532)	(1,483,095)
PROVISIONS FOR LIABILITIES	22	(239,077)	(222,729)
NET ASSETS		<u><u>4,361,898</u></u>	<u><u>3,589,846</u></u>
CAPITAL AND RESERVES			
Called up share capital	23	1,060,607	1,060,607
Retained earnings	24	<u>3,301,291</u>	<u>2,529,239</u>
SHAREHOLDERS' FUNDS		<u><u>4,361,898</u></u>	<u><u>3,589,846</u></u>

The financial statements were approved by the director on 15 June 2017 and were signed by:


B D Hancock - Director

The notes form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2016

	Notes	31/12/16 £	31/12/15 £
FIXED ASSETS			
Intangible assets	12	-	-
Tangible assets	13	-	-
Investments	14	8,824,338	8,824,338
		<u>8,824,338</u>	<u>8,824,338</u>
CREDITORS			
Amounts falling due within one year	17	<u>7,763,731</u>	<u>7,763,731</u>
NET CURRENT LIABILITIES		<u>(7,763,731)</u>	<u>(7,763,731)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,060,607</u>	<u>1,060,607</u>
CAPITAL AND RESERVES			
Called up share capital	23	<u>1,060,607</u>	<u>1,060,607</u>
SHAREHOLDERS' FUNDS		<u>1,060,607</u>	<u>1,060,607</u>
Company's profit for the financial year		<u>-</u>	<u>-</u>

The financial statements were approved by the director on 15 June 2017 and were signed by:



B D Hancock - 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 2016

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2015	1,060,607	1,205,955	2,266,562
Changes in equity			
Total comprehensive income	-	1,323,284	1,323,284
Balance at 31 December 2015	<u>1,060,607</u>	<u>2,529,239</u>	<u>3,589,846</u>
Changes in equity			
Total comprehensive income	-	772,052	772,052
Balance at 31 December 2016	<u><u>1,060,607</u></u>	<u><u>3,301,291</u></u>	<u><u>4,361,898</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 2016

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2015	1,060,607	-	1,060,607
Changes in equity			
Balance at 31 December 2015	<u>1,060,607</u>	<u>-</u>	<u>1,060,607</u>
Changes in equity			
Balance at 31 December 2016	<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 2016**

	Notes	31/12/16 £	31/12/15 £
Cash flows from operating activities			
Cash generated from operations	1	1,339,507	2,910,075
Interest paid		(64,549)	(108,595)
Interest element of hire purchase payments paid		(6,831)	(3,444)
Tax paid		(120,638)	(1,008,715)
Net cash from operating activities		<u>1,147,489</u>	<u>1,789,321</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(144,390)	(1,144,122)
Sale of tangible fixed assets		10,502	-
Acquisition of Olympus Engineering Ltd		-	85,000
Net cash from investing activities		<u>(133,888)</u>	<u>(1,059,122)</u>
Cash flows from financing activities			
Loan repayments in year		(938,000)	(1,038,000)
Capital repayments in year		(64,146)	(24,851)
Net cash from financing activities		<u>(1,002,146)</u>	<u>(1,062,851)</u>
Increase/(decrease) in cash and cash equivalents		<u>11,455</u>	<u>(332,652)</u>
Cash and cash equivalents at beginning of year	2	<u>155,397</u>	<u>488,049</u>
Cash and cash equivalents at end of year	2	<u><u>166,852</u></u>	<u><u>155,397</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 2016

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

	31/12/16 £	31/12/15 £
Profit for the financial year	772,052	1,323,284
Depreciation charges	567,093	569,976
Loss on disposal of fixed assets	603	-
Government grants	(13,416)	(13,416)
Finance costs	71,380	112,039
Taxation	199,396	601,199
	<u>1,597,108</u>	<u>2,593,082</u>
(Increase)/decrease in stocks	(29,417)	121,824
Decrease in trade and other debtors	180,672	435,816
Decrease in trade and other creditors	(408,856)	(240,647)
	<u>1,339,507</u>	<u>2,910,075</u>
Cash generated from operations	<u><u>1,339,507</u></u>	<u><u>2,910,075</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 2016

	31/12/16 £	1/1/16 £
Cash and cash equivalents	166,852	189,480
Bank overdrafts	-	(34,083)
	<u>166,852</u>	<u>155,397</u>

Year ended 31 December 2015

	31/12/15 £	1/1/15 £
Cash and cash equivalents	189,480	488,049
Bank overdrafts	(34,083)	-
	<u>155,397</u>	<u>488,049</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 2016

1. COMPANY INFORMATION

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. STATUTORY INFORMATION

Olympus Engineering (Holdings) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

3. 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.

The functional and presentation currency is 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. Subsidiary accounts are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the purchase 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.

Financial reporting standard 102 - reduced disclosure exemptions for Olympus Engineering Ltd

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

3. ACCOUNTING POLICIES - continued

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.

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 the cost less estimated residual value of 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 is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

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 2016

3. ACCOUNTING POLICIES - continued

Financial instruments

The company has elected to apply the provisions of section 11. 'Basic financial instruments' and section 12 'Other financial instruments' FRS 102 in full to all of its financial instruments.

Financial assets

Trade, group and other debtors

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established where there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities

Trade, group and other creditors

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

Derecognition of financial assets and liabilities

A financial asset is only derecognised when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2016

3. ACCOUNTING POLICIES - continued

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.

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 classified as deferred income and recognised as income over the useful life of the assets to which they relate.

Employee benefits

The costs of short term employee benefits are recognised as a liability and expense. Employees are entitled to carry forward any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employees services are received.

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

4. 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:

	31/12/16	31/12/15
	£	£
United Kingdom	10,809,115	12,575,410
Europe	153,675	1,408,597
Asia	1,206	43,771
	<u>10,963,996</u>	<u>14,027,778</u>

5. OTHER OPERATING INCOME

	31/12/16	31/12/15
	£	£
Government grants	<u>19,522</u>	<u>13,416</u>

6. EMPLOYEES AND DIRECTORS

	31/12/16	31/12/15
	£	£
Wages and salaries	3,507,435	4,164,301
Social security costs	334,821	392,971
Other pension costs	32,877	25,143
	<u>3,875,133</u>	<u>4,582,415</u>

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

	31/12/16	31/12/15
Productive	119	144
Management	6	6
Administration	6	6
	<u>131</u>	<u>156</u>

The average number of employees by undertakings that are proportionately consolidated during the year was 131.

There are no employees in the company.

7. DIRECTORS' EMOLUMENTS

	31/12/16	31/12/15
	£	£
Directors' remuneration	90,000	92,778
Directors' pension contributions to money purchase schemes	<u>1,144</u>	<u>1,022</u>

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

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

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. OPERATING PROFIT

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

	31/12/16	31/12/15
	£	£
Depreciation - owned assets	272,105	296,127
Depreciation - assets on hire purchase contracts	32,763	11,624
Loss on disposal of fixed assets	603	-
Goodwill amortisation	262,225	262,225
Auditors' remuneration	9,600	10,578
Foreign exchange differences	14,345	(11,496)
Rental of land and buildings	395,082	438,333
	<u>395,082</u>	<u>438,333</u>

There is nothing to disclose for the company.

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	31/12/16	31/12/15
	£	£
Interest on overdue tax	-	817
Loan interest	64,549	107,778
Hire purchase	6,831	3,444
	<u>71,380</u>	<u>112,039</u>

10. TAXATION

Analysis of the tax charge

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

	31/12/16	31/12/15
	£	£
Current tax:		
UK corporation tax	184,859	338,000
Under provision in prior year	(1,811)	2,967
Total current tax	183,048	340,967
Deferred tax	16,348	260,232
Tax on profit	<u>199,396</u>	<u>601,199</u>

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

10. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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

	31/12/16 £	31/12/15 £
Profit before tax	<u>971,448</u>	<u>1,924,483</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.247%)	194,290	389,650
Effects of:		
Expenses not deductible for tax purposes	1,567	6,397
Income not taxable for tax purposes	(2,683)	(2,716)
Adjustments to tax charge in respect of previous periods	(1,811)	2,967
Unprovided deferred tax	8,033	204,866
Rounding	-	35
Total tax charge	<u>199,396</u>	<u>601,199</u>

11. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

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.

12. INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
At 1 January 2016 and 31 December 2016	<u>2,622,253</u>
AMORTISATION	
At 1 January 2016	420,148
Amortisation for year	262,225
At 31 December 2016	<u>682,373</u>
NET BOOK VALUE	
At 31 December 2016	<u>1,939,880</u>
At 31 December 2015	<u>2,202,105</u>

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

13. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Short leasehold £	Plant and machinery £
COST			
At 1 January 2016	838,400	253,277	2,920,398
Additions	27,841	-	751,508
Disposals	-	-	(219,966)
Reclassification/transfer	-	(253,277)	253,277
At 31 December 2016	866,241	-	3,705,217
DEPRECIATION			
At 1 January 2016	-	-	454,995
Charge for year	-	-	287,156
Eliminated on disposal	-	-	(213,397)
At 31 December 2016	-	-	528,754
NET BOOK VALUE			
At 31 December 2016	866,241	-	3,176,463
At 31 December 2015	838,400	253,277	2,465,403

	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 January 2016	14,391	20,453	4,046,919
Additions	77,900	13,126	870,375
Disposals	-	(37,880)	(257,846)
At 31 December 2016	92,291	(4,301)	4,659,448
DEPRECIATION			
At 1 January 2016	2,712	9,351	467,058
Charge for year	11,215	6,497	304,868
Eliminated on disposal	-	(33,344)	(246,741)
At 31 December 2016	13,927	(17,496)	525,185
NET BOOK VALUE			
At 31 December 2016	78,364	13,195	4,134,263
At 31 December 2015	11,679	11,102	3,579,861

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

13. TANGIBLE FIXED ASSETS - continued

Group

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

	Plant and machinery £
COST	
At 1 January 2016	174,356
Additions	751,508
	<u>925,864</u>
At 31 December 2016	<u>925,864</u>
DEPRECIATION	
At 1 January 2016	11,624
Charge for year	32,763
	<u>44,387</u>
At 31 December 2016	<u>44,387</u>
NET BOOK VALUE	
At 31 December 2016	<u>881,477</u>
At 31 December 2015	<u>162,732</u>

14. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2016 and 31 December 2016	8,824,338
	<u>8,824,338</u>
NET BOOK VALUE	
At 31 December 2016	<u>8,824,338</u>
At 31 December 2015	<u>8,824,338</u>

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

15. STOCKS

	Group	
	31/12/16	31/12/15
	£	£
Raw materials	574,518	521,980
Work-in-progress	331,894	355,015
	<u>906,412</u>	<u>876,995</u>

Stock recognised in cost of sales during the year as an expense was £4,128,987 (2015: £5,573,939).

As at 31 December 2016 an impairment loss of £53,417 (2015: £5,056) was recognised against stock due to slow-moving and obsolete stock.

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	31/12/16	31/12/15
	£	£
Trade debtors	1,652,807	1,798,346
Other debtors	12,771	7,096
Prepayments and accrued income	160,328	201,136
	<u>1,825,906</u>	<u>2,006,578</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Company	
	31/12/16	31/12/15	31/12/16
	£	£	£
Bank loans and overdrafts (see note 19)	-	34,083	-
Other loans (see note 19)	877,394	1,477,394	-
Hire purchase contracts (see note 20)	320,286	50,833	-
Trade creditors	949,031	1,177,813	-
Amounts owed to group undertakings	-	-	7,763,731
Taxation	183,607	121,197	-
Social security and other taxes	81,811	79,783	-
VAT	141,012	243,119	-
Other creditors	17,716	36,054	-
Accruals and deferred income	211,949	339,073	-
	<u>2,782,806</u>	<u>3,559,349</u>	<u>7,763,731</u>

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

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

	Group	
	31/12/16	31/12/15
	£	£
Other loans (see note 19)	963,000	1,301,000
Hire purchase contracts (see note 20)	473,622	81,236
Deferred government grants	152,910	100,859
	<u>1,589,532</u>	<u>1,483,095</u>

19. LOANS

An analysis of the maturity of loans is given below:

	Group	
	31/12/16	31/12/15
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	34,083
PNC Cash flow loan	-	600,000
PNC P&M loan	438,000	438,000
Other loan	439,394	439,394
	<u>877,394</u>	<u>1,511,477</u>
Amounts falling due between one and two years:		
PNC cash flow loan	-	250,000
PNC P&M loan	438,000	438,000
	<u>438,000</u>	<u>688,000</u>
Amounts falling due between two and five years:		
PNC cash flow loan	-	613,000
PNC P&M loan	525,000	-
	<u>525,000</u>	<u>613,000</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 was repayable over 36 months, however during the year the balance on this loan was transferred into the PNC P&M loan. Interest on this loan was 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 2016**

20. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	31/12/16	31/12/15
	£	£
Net obligations repayable:		
Within one year	320,286	50,833
Between one and five years	473,622	81,236
	<u>793,908</u>	<u>132,069</u>

Group

	Non-cancellable operating leases	
	31/12/16	31/12/15
	£	£
Within one year	385,000	385,000
Between one and five years	930,417	1,315,417
	<u>1,315,417</u>	<u>1,700,417</u>

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

21. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	31/12/16	31/12/15
	£	£
PNC Cash flow loan	-	1,463,000
PNC P&M loan	1,401,000	876,000
Other loan	439,394	439,394
Hire purchase contracts	793,908	132,069
	<u>2,634,302</u>	<u>2,910,463</u>

Included within bank overdrafts is an invoice discounting debtor of £29,041 (2015: creditor £34,083). 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 dated 12 June 2014.

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

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

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

22. PROVISIONS FOR LIABILITIES

	Group	
	31/12/16	31/12/15
	£	£
Deferred tax	<u>239,077</u>	<u>222,729</u>
Group		
		Deferred tax £
Balance at 1 January 2016		222,729
Credit to Statement of Comprehensive Income during year		<u>16,348</u>
Balance at 31 December 2016		<u>239,077</u>

The deferred tax provision is in respect of accelerated capital allowances.

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31/12/16	31/12/15
			£	£
1,060,607	Ordinary	£1	<u>1,060,607</u>	<u>1,060,607</u>

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

24. RESERVES

The movement on reserves is shown in the statements of changes in equity on pages 10 and 11.

25. 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.

Entities with control, joint control or significant influence over the entity

	31/12/16	31/12/15
	£	£
Purchases	166,667	201,078
Other purchases	4,151	-
Amount due to related party	<u>(439,734)</u>	<u>(439,394)</u>

OLYMPUS ENGINEERING (HOLDINGS) LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

25. RELATED PARTY DISCLOSURES - continued

Entities that provide key management personnel services to the entity

	31/12/16	31/12/15
	£	£
Management charge	200,000	187,500
Amount due to related party	40,000	-
	<u>240,000</u>	<u>187,500</u>

26. ULTIMATE CONTROLLING PARTY

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