Company Registration No. 09709371 (England and Wales)

RICOR GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

RICOR GROUP LIMITED

COMPANY INFORMATION

Directors	D.R. Johanson	
	Mrs A. R. Johanson	(Appointed 20 April 2018)
	Ms R. J. Markun	(Appointed 20 April 2018)
Company number	09709371	
Registered office	Arrow Works Birmingham Road Studley Warwickshire B80 7AS	
Auditor	Law & Co Pool House, Arran Close 106 Birmingham Road Great Barr Birmingham B43 7AD	
Business address	Arrow Works Birmingham Road Studley Warwickshire B80 7AS	

RICOR GROUP LIMITED

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RICOR GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report for the year ended 31 March 2018.

Fair review of the business

UK Operations

Trading performance has been in-line with expectation with turnover increasing following the introduction of new products in fuel systems and front-end modules.

Recent developments in real estate combined with an extensive capital investment program will secure additional long term manufacturing capacity for the UK business and provide a platform for continued future growth.

Poland Operations

During the second half of the year the company relocated its Polish business with the transfer of manufacturing operations from a rented facility in Poznan to a company owned and recently constructed facility between Poznan and Wresnia. All manufacturing equipment and personnel have been consolidated onto one single site.

Principal risks and uncertainties

Competitive pressure is a continuing risk for the group. The group manages this risk by differentiating itself from its competitors on product and service delivery and investing in long-term strategic partnerships with its key customers.

Raw material price movements represent a significant risk to the group. The group manages this risk by negotiating fixed term contracts with its customers and suppliers.

Foreign currency movements represent a risk to the group. The group manages this risk by utilising a blend of products and strategies to protect underlying business performance and provide foreign currency price stability.

Development and performance

UK operations

Turnover and profitability has been enhanced at both gross profit and EBITDA levels following the introduction of additional equipment capacity.

Poland operations

Turnover and profitability continued to grow as products reached full year volumes. Profitability was however impacted due to accelerated relocation plans and one-off costs. Moving forward the company will benefit from reduced overheads and increased efficiencies in personnel.

Financial key performance indicators

The directors consider the key performance indicators (KPI's) of the group for the year to be turnover and EBITDA as follows:

	31 March 2018 £000's	31 March 2017 £000's
Turnover	54,280	46,184
EBITDA	6,971	6,830

RICOR GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Future developments

Ricor Global Limited was formed on 6 March 2018 as part of a long-term strategy to realign and consolidate the group's corporate and external debt structure. On 20 April 2018 Ricor Global Limited acquired the Ricor group of companies formerly headed by Ricor Group Limited. External debts were restructured with the introduction of HSBC bank as the new strategic banking partner providing global facilities to uphold the international diversity of the Ricor business.

The group continues to support its extensive capital investment program with developments planned for 2018 to include a new start-up manufacturing facility in Slovakia to align recent OEM investment in the region.

The directors believe that the group is exceptionally well placed for continued growth.

On behalf of the board

....

D.R. Johanson

Director

...15/09/18......

The directors present their annual report and financial statements for the year ended 31 March 2018.

Principal activities
The principal activity of the group continued to be that of the manufacture of metal pressings and complex welded assemblies for the automotive industry. Core product specialities include roof systems, fuel systems, seating systems and front-end modules.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D.R. Johanson	
C.A. Howell	(Resigned 20 April 2018)
J. Beary	(Resigned 20 April 2018)
Mrs A. R. Johanson	(Appointed 20 April 2018)
Ms R. J. Markun	(Appointed 20 April 2018)

Results and dividends
The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £24,000. The directors do not recommend payment of a final dividend.

Financial instruments

Treasury operations and financial instruments
The group operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the group's activities.

The group's principal financial instruments include derivative financial instruments, the purpose of which is to manage currency risks and interest rate risks arising from the group's activities, and bank overdrafts, loans and corporate bonds, the main purpose of which is to raise finance for the group's operations. In addition, the group has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations. Derivative transactions which the group enters into principally comprise forward exchange contracts. In accordance with group's treasury policy, derivative instruments are not entered into for speculative purposes.

Liquidity risk
The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the group has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk
The group is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The group uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates.

Foreign exchange transactional currency exposure
The group's principal foreign currency exposures arise from trading with overseas companies. Group policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

Customer credit exposure
Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Research and development
The group continues to invest in research and development. This has resulted in a number of new products being launched recently which are expected to make significant contributions to the growth of the business. The directors regard investment in this area as a prerequisite for success in the medium to long-term future.

Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement
The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor
In accordance with the company's articles, a resolution proposing that Law & Co be reappointed as auditor of the group will be put at a General Meeting.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

D.R. Johanson
Director
Date: 15/09/18

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RICOR GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RICOR GROUP LIMITED

Opinion

We have audited the financial statements of Ricor Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mr Keith Peters (Senior Statutory Auditor)
for and on behalf of Law & Co

24/9/18

Chartered Accountants
Statutory Auditor

Pool House, Arran Close
106 Birmingham Road
Great Barr
Birmingham
B43 7AD

RICOR GROUP LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	3	54,280,470	46,183,793
Cost of sales		(46,236,112)	(38,784,466)
Gross profit		8,044,358	7,399,327
Distribution costs		(1,718,779)	(1,536,974)
Administrative expenses		(3,860,427)	(2,910,495)
Other operating income		4,666	4,000
Operating profit	4	2,469,818	2,955,858
Interest receivable and similar income	8	691	832
Interest payable and similar expenses	9	(724,948)	(958,507)
Profit before taxation		1,745,561	1,998,183
Tax on profit	10	(685,768)	(799,463)
Profit for the financial year	26	1,059,793	1,198,720

Profit for the financial year is all attributable to the owners of the parent company.

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

RICOR GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
Profit for the year	1,059,793	1,198,720
Other comprehensive income		
Currency translation differences	69,800	157,714
Total comprehensive income for the year	1,129,593	1,356,434

Total comprehensive income for the year is all attributable to the owners of the parent company.

RICOR GROUP LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Goodwill	12		15,448,032		17,530,913
Tangible assets	13		14,638,005		15,610,929
			30,086,037		33,141,842
Current assets					
Stocks	16	3,614,687		3,235,673	
Debtors	17	9,651,498		10,092,980	
Cash at bank and in hand		1,535,328		2,616,369	
		14,801,513		15,945,022	
Creditors: amounts falling due within one year	18	(17,456,462)		(18,597,308)	
Net current liabilities			(2,654,949)		(2,652,286)
Total assets less current liabilities			27,431,088		30,489,556
Creditors: amounts falling due after more than one year	19		(10,898,815)		(14,983,989)
Provisions for liabilities	22		(123,263)		(202,150)
Net assets			16,409,010		15,303,417
Capital and reserves					
Called up share capital	25		107,009		107,009
Share premium account	26		13,851,792		13,851,792
Profit and loss reserves	26		2,450,209		1,344,616
Total equity			16,409,010		15,303,417

The financial statements were approved by the board of directors and authorised for issue on 15/09/18 and are signed on its behalf by:

D.R. Johanson
Director

RICOR GROUP LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Investments	14		25,260,808		25,260,808
Current assets					
Debtors	17	1,746,988		1,246,988	
Creditors: amounts falling due within one year	18	(7,206,574)		(1,803,412)	
Net current liabilities			(5,459,586)		(556,424)
Total assets less current liabilities			19,801,222		24,704,384
Creditors: amounts falling due after more than one year	19		(5,750,000)		(10,720,460)
Net assets			14,051,222		13,983,924
Capital and reserves					
Called up share capital	25		107,009		107,009
Share premium account	26		13,851,792		13,851,792
Profit and loss reserves	26		92,421		25,123
Total equity			14,051,222		13,983,924

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £91,298 (2017 - £693,790 profit).

The financial statements were approved by the board of directors and authorised for issue on 15/09/18 and are signed on its behalf by:

D.R. Johanson
Director

Company Registration No. 09709371

RICOR GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 April 2016		106,941	13,841,860	12,182	13,960,983
Year ended 31 March 2017:					
Profit for the year		-	-	1,198,720	1,198,720
Other comprehensive income:					
Currency translation differences		-	-	157,714	157,714
Total comprehensive income for the year		-	-	1,356,434	1,356,434
Issue of share capital		68	9,932	-	10,000
Dividends	**11**	-	-	(24,000)	(24,000)
Balance at 31 March 2017		107,009	13,851,792	1,344,616	15,303,417
Year ended 31 March 2018:					
Profit for the year		-	-	1,059,793	1,059,793
Other comprehensive income:					
Currency translation differences on overseas subsidiaries		-	-	69,800	69,800
Total comprehensive income for the year		-	-	1,129,593	1,129,593
Dividends	**11**	-	-	(24,000)	(24,000)
Balance at 31 March 2018		107,009	13,851,792	2,450,209	16,409,010

RICOR GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital	Share premium account	Profit and loss reserves	Total
		£	£	£	£
Balance at 1 April 2016		106,941	13,841,860	(644,667)	13,304,134
Year ended 31 March 2017:					
Profit and total comprehensive income for the year		-	-	693,790	693,790
Issue of share capital		68	9,932	-	10,000
Dividends	**11**	-	-	(24,000)	(24,000)
Balance at 31 March 2017		107,009	13,851,792	25,123	13,983,924
Year ended 31 March 2018:					
Profit and total comprehensive income for the year		-	-	91,298	91,298
Dividends	**11**	-	-	(24,000)	(24,000)
Balance at 31 March 2018		107,009	13,851,792	92,421	14,051,222

RICOR GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Cash flows from operating activities					
Cash generated from operations	31		6,701,393		7,513,513
Interest paid			(724,948)		(875,158)
Income taxes paid			(744,149)		(631,275)
Net cash inflow from operating activities			5,232,296		6,007,080
Investing activities					
Purchase of tangible fixed assets		(1,449,668)		(3,670,895)	
Proceeds on disposal of tangible fixed assets		232,161		438,497	
Interest received		691		832	
Net cash used in investing activities			(1,216,816)		(3,231,566)
Financing activities					
Proceeds from issue of shares		-		10,000	
Proceeds from borrowings		502,585		801,249	
Repayment of borrowings		(1,433,883)		(686,074)	
Proceeds of new bank loans		-		1,209,861	
Repayment of bank loans		(3,075,095)		(1,074,601)	
Payment of finance leases obligations		(904,423)		(945,220)	
Dividends paid to equity shareholders		(24,000)		(24,000)	
Net cash used in financing activities			(4,934,816)		(708,785)
Net (decrease)/increase in cash and cash equivalents			(919,336)		2,066,729
Cash and cash equivalents at beginning of year			2,616,369		742,754
Effect of foreign exchange rates			(161,705)		(193,114)
Cash and cash equivalents at end of year			1,535,328		2,616,369

RICOR GROUP LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	32		2,255,712		(158,314)
Interest paid			(399,702)		(542,861)
Net cash inflow/(outflow) from operating activities			1,856,010		(701,175)
Investing activities					
Dividends received		500,000		1,350,000	
Net cash generated from investing activities			500,000		1,350,000
Financing activities					
Proceeds from issue of shares		-		10,000	
Proceeds from borrowings		-		115,175	
Repayment of borrowings		(1,332,010)		-	
Repayment of bank loans		(1,000,000)		(750,000)	
Dividends paid to equity shareholders		(24,000)		(24,000)	
Net cash used in financing activities			(2,356,010)		(648,825)
Net increase in cash and cash equivalents			-		-
Cash and cash equivalents at beginning of year			-		-
Cash and cash equivalents at end of year			-		-

1 Accounting policies

Company information

Ricor Group Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Arrow Works, Birmingham Road, Studley, Warwickshire, B80 7AS.

The group consists of Ricor Group Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Ricor Group Limited and all of its subsidiaries (ie *entities that the group controls through its power to govern the financial and operating policies so as to* obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1 Accounting policies **(Continued)**

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2.5% per annum
Plant, machinery and equipment	10% to 33% per annum

Freehold land and assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1 Accounting policies **(Continued)**

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 *Impairment of fixed assets*

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Accounting policies **(Continued)**

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1 Accounting policies **(Continued)**

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, 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.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

1 Accounting policies **(Continued)**

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1 Accounting policies **(Continued)**

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2018	2017
	£	£
Turnover analysed by class of business		
Manufacture of metal pressings and welded assemblies	54,280,470	46,183,793

3 Turnover and other revenue **(Continued)**

	2018	2017
	£	£
Other significant revenue		
Interest income	691	832
Grants received	4,000	4,000

	2018	2017
	£	£
Turnover analysed by geographical market		
United Kingdom	32,277,344	27,659,047
USA	248,648	357,007
Other European Countries	20,420,406	16,884,370
Rest of the World	1,334,072	1,283,369
	54,280,470	46,183,793

4 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(153,858)	(190,940)
Government grants	(4,000)	(4,000)
Depreciation of owned tangible fixed assets	1,510,231	1,141,089
Depreciation of tangible fixed assets held under finance leases	908,208	649,877
Loss/(profit) on disposal of tangible fixed assets	3,497	(8,826)
Amortisation of intangible assets	2,082,881	2,082,881
Operating lease charges	1,156,686	971,460

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £153,858 (2017 - £190,940).

5 Auditor's remuneration

Fees payable to the company's auditor and associates:	2018 £	2017 £
For audit services		
Audit of the financial statements of the group and company	3,000	3,000
Audit of the financial statements of the company's subsidiaries	41,411	39,595
	44,411	42,595
For other services		
Taxation compliance services	8,000	10,000
All other non-audit services	-	4,000
	8,000	14,000

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Production	219	210	-	-
Sales and administration	58	52	-	-
	277	262	-	-

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	7,252,506	6,480,094	-	10,000
Social security costs	764,141	679,152	-	-
Pension costs	82,867	86,860	-	-
	8,099,514	7,246,106	-	10,000

7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	266,626	257,600
Company pension contributions to defined contribution schemes	10,391	34,080
	277,017	291,680

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2018 £	2017 £
Remuneration for qualifying services	261,949	232,963
Company pension contributions to defined contribution schemes	10,391	34,080

8 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	691	832

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	691	832

9 Interest payable and similar expenses

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	307,049	377,233
Interest on finance leases and hire purchase contracts	172,831	65,549
	479,880	442,782
Other finance costs:		
Finance costs for financial instruments measured at fair value through profit or loss	-	83,349
Other interest	245,068	432,376
Total finance costs	724,948	958,507

10 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	693,810	623,982
Foreign current tax on profits for the current period	70,780	84,931
Total current tax	764,590	708,913
Deferred tax		
Origination and reversal of timing differences	(78,822)	90,550
Total tax charge for the year	685,768	799,463

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	1,745,561	1,998,183
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	331,657	399,637
Tax effect of expenses that are not deductible in determining taxable profit	4,444	2,815
Effect of change in corporation tax rate	(10,108)	-
Amortisation on assets not qualifying for tax allowances	395,747	416,576
Other non-reversing timing differences	(19)	-
Effect of overseas tax rates	(36,920)	(20,580)
Foreign exchange differences	967	1,015
Taxation charge for the year	685,768	799,463

11 Dividends

	2018 £	2017 £
Interim paid	24,000	24,000

12 Intangible fixed assets

Group	Goodwill
	£
Cost	
At 1 April 2017 and 31 March 2018	20,828,808
Amortisation and impairment	
At 1 April 2017	3,297,895
Amortisation charged for the year	2,082,881
At 31 March 2018	5,380,776
Carrying amount	
At 31 March 2018	15,448,032
At 31 March 2017	17,530,913

The company had no intangible fixed assets at 31 March 2018 or 31 March 2017.

13 Tangible fixed assets

Group	Freehold land and buildings	Plant, machinery and equipment	Total
	£	£	£
Cost			
At 1 April 2017	3,126,759	18,969,178	22,095,937
Additions	-	1,449,668	1,449,668
Disposals	(1,593)	(237,569)	(239,162)
Exchange adjustments	104,895	165,208	270,103
At 31 March 2018	3,230,061	20,346,485	23,576,546
Depreciation and impairment			
At 1 April 2017	16,242	6,468,766	6,485,008
Depreciation charged in the year	66,965	2,351,474	2,418,439
Eliminated in respect of disposals	-	(3,504)	(3,504)
Exchange adjustments	675	37,923	38,598
At 31 March 2018	83,882	8,854,659	8,938,541
Carrying amount			
At 31 March 2018	3,146,179	11,491,826	14,638,005
At 31 March 2017	3,105,439	12,505,490	15,610,929

The company had no tangible fixed assets at 31 March 2018 or 31 March 2017.

13 Tangible fixed assets **(Continued)**

The carrying value of freehold land and buildings above includes land of £545,839 which is not depreciated.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2018 £	2017 £	Company 2018 £	2017 £
Plant, machinery and equipment	5,061,410	3,864,568	-	-
Depreciation charge for the year in respect of leased assets	908,208	649,877	-	-

14 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	15	-	-	25,260,808	25,260,808

Movements in fixed asset investments

Company	**Shares in group undertakings £**
Cost or valuation	
At 1 April 2017 and 31 March 2018	25,260,808
Carrying amount	
At 31 March 2018	25,260,808
At 31 March 2017	25,260,808

15 Subsidiaries

Details of the company's subsidiaries at 31 March 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	% Held Indirect
Ricor International Limited	England & Wales	Holding company	Ordinary	100.00	
Ricor Limited	England & Wales	Manufacture of metal pressings & welded assemblies	Ordinary		100.00
Ricor Polska Sp. z.o.o	Poland	Manufacture of metal pressings & weded assemblies	Ordinary		100.00
Ricor Trade Holdings Limited	England & Wales	Holding company	Ordinary		100.00

The investments in subsidiaries are all stated at cost.

16 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Raw materials and consumables	1,380,001	1,196,226	-	-
Work in progress	899,876	1,183,071	-	-
Finished goods and goods for resale	1,334,810	856,376	-	-
	3,614,687	3,235,673	-	-

17 Debtors

Amounts falling due within one year:	Group 2018 £	2017 £	Company 2018 £	2017 £
Trade debtors	9,284,583	9,595,646	-	-
Amounts owed by group undertakings	-	-	1,746,988	1,246,988
Other debtors	130,098	325,407	-	-
Prepayments and accrued income	236,817	171,927	-	-
	9,651,498	10,092,980	1,746,988	1,246,988

18 Creditors: amounts falling due within one year

		Group		Company	
		2018	2017	2018	2017
	Notes	£	£	£	£
Bank loans and overdrafts	20	1,407,528	5,284,217	1,000,000	1,000,000
Obligations under finance leases	21	1,322,311	913,714	-	-
Other borrowings	20	2,955,001	316,551	2,955,001	316,551
Trade creditors		8,147,719	9,451,578	-	-
Amounts due to group undertakings		-	-	3,245,573	397,512
Corporation tax payable		390,953	370,447	-	-
Other taxation and social security		343,340	363,764	-	-
Government grants	23	4,000	4,000	-	-
Other creditors		415,045	234,380	-	83,349
Accruals and deferred income		2,470,565	1,658,657	6,000	6,000
		17,456,462	18,597,308	7,206,574	1,803,412

19 Creditors: amounts falling due after more than one year

		Group		Company	
		2018	2017	2018	2017
	Notes	£	£	£	£
Bank loans and overdrafts	20	7,088,521	8,436,285	5,750,000	6,750,000
Obligations under finance leases	21	3,381,582	2,545,244	-	-
Other borrowings	20	400,712	3,970,460	-	3,970,460
Government grants	23	28,000	32,000	-	-
		10,898,815	14,983,989	5,750,000	10,720,460

20 Loans and overdrafts

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans	8,496,049	13,720,502	6,750,000	7,750,000
Other loans	3,355,713	4,287,011	2,955,001	4,287,011
	11,851,762	18,007,513	9,705,001	12,037,011
Payable within one year	4,362,529	5,600,768	3,955,001	1,316,551
Payable after one year	7,489,233	12,406,745	5,750,000	10,720,460

Bank loans and overdrafts are secured by fixed and floating charges over the assets of the group.

Other loans are unsecured.

20 *Loans and overdrafts* **(Continued)**

A bank loan of £166,248 is repayable in equal monthly instalments of £13,210 and is due to be repaid by 31 March 2019. Interest is charged at 4.5% over base rate.

A bank loan outstanding at 31 March 2017 of 2,818,800 Euros (£2,411,498) was converted to a 5 year finance lease on 12 July 2017. Interest on the original loan was charged at 5.00% over base rate and is charged at 3.5% over Euro Libor on the new finance lease.

A bank loan of £4,375,000 is due for repayment in full on 28 August 2020. Interest is charged at 3.9% over Libor.

A bank loan of £2,375,000 is repayable in 4 quarterly instalments of £250,000 followed by 5 quarterly instalments of £275,000 with the final payment due on 30 June 2020. Interest is charged at 3.5% over Libor.

A bank loan of £1,372,781 is repayable in 53 monthly instalments of £15,552 followed by a final bullet payment of £548,525 on 30 September 2022. Interest is charged at 1.7% over Wibor.

A bank loan of £207,020 is repayable in equal monthly instalments of £4,922 including fixed rate interest at 2.426% with the final payment due on 22 November 2021.

Bank loans also include an amount of £- (2017 - £1,492,621) which is owed under an invoice discounting facility.

Other loans totalling £2,955,001 including interest accrued to date were repaid in full in April 2018 following a group restructuring.

21 Finance lease obligations

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	1,322,311	913,714	-	-
In two to five years	3,381,582	2,545,244	-	-
	4,703,893	3,458,958	-	-

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

22 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities 2018 £	Liabilities 2017 £
Accelerated capital allowances	123,263	202,150

The company has no deferred tax assets or liabilities.

Movements in the year:	Group 2018 £	Company 2018 £
Liability at 1 April 2017	202,150	-
Credit to profit or loss	(78,887)	-
Liability at 31 March 2018	123,263	-

Of the deferred tax liability set out above £45,200 is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

23 Government grants

	Group 2018 £	2017 £	Company 2018 £	2017 £
Deferred income is included in the financial statements as follows:				
Current liabilities	4,000	4,000	-	-
Non-current liabilities	28,000	32,000	-	-
	32,000	36,000	-	-

Government grants relating to plant and equipment are treated as deferred income and released to profit and loss account over the useful life of the assets concerned.

24 Retirement benefit schemes

	2018	2017
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	82,867	86,860

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Share capital

	Group and company	
	2018	**2017**
Ordinary share capital	**£**	**£**
Issued and fully paid		
106,941 Ordinary of £1 each	106,941	106,941
2,274 Ordinary 'A' of 1p each	22	22
1,705 Ordinary 'B' of 1p each	17	17
1,705 Ordinary 'C' of 1p each	17	17
568 Ordinary 'D' of 1p each	6	6
568 Ordinary 'E' of 1p each	6	6
	107,009	107,009

The rights attached to each class of shares are as follows:

Ordinary shares: Each share is entitled to one vote in any circumstances. Each share has equal rights to dividends and distributions and is entitled to participate in a distribution arising from a winding up of the company.

Ordinary 'A', 'B', 'C', 'D' and 'E' shares: These are non-voting shares. Each share has the rights to dividends and distributions subject to the discretion of the directors.

26 Reserves

Share premium

The share premium account represents the premium arising on the issue of shares net of issue costs.

Profit and loss reserves

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

27 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the group for certain of its properties and plant. Leases are negotiated for an average term of 10 years.

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Within one year	1,023,712	1,070,756	-	-
Between two and five years	3,566,232	3,532,336	-	-
In over five years	2,112,500	2,962,500	-	-
	6,702,444	7,565,592	-	-

28 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Acquisition of tangible fixed assets	340,129	179,106	-	-

29 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	535,652	546,470

C. Howell and J. Beary are partners in Bostrom Property LLP which owns the premises from which part of the group operates. The rent charge for the period was £650,000 (2017 - £625,000).

30 Directors' transactions

During the year the group paid management fees to D.R. Johanson totalling £86,382 (2017 - £86,382).

C. Howell is a director of Pressac Limited. During the year the group paid management fees to Pressac Limited totalling £82,500 (2017 - £61,875).

31 Cash generated from group operations

	2018	2017
	£	£
Profit for the year after tax	1,059,793	1,198,720
Adjustments for:		
Taxation charged	685,768	799,463
Finance costs	724,948	958,507
Investment income	(691)	(832)
Loss/(gain) on disposal of tangible fixed assets	3,497	(8,826)
Amortisation and impairment of intangible assets	2,082,881	2,082,881
Depreciation and impairment of tangible fixed assets	2,418,439	1,790,966
Movements in working capital:		
(Increase) in stocks	(379,014)	(1,229,064)
Decrease/(increase) in debtors	441,482	(546,787)
(Decrease)/increase in creditors	(331,710)	2,472,485
(Decrease) in deferred income	(4,000)	(4,000)
Cash generated from operations	6,701,393	7,513,513

31 Cash generated from operations - company

	2018	2017
	£	£
Profit for the year after tax	91,298	693,790
Adjustments for:		
Finance costs	399,702	626,210
Investment income	(500,000)	(1,350,000)
Movements in working capital:		
(Increase) in debtors	(500,000)	(517,162)
Increase in creditors	2,764,712	388,848
Cash generated from/(absorbed by) operations	2,255,712	(158,314)

33 Analysis of changes in net debt

	2018
	£
Opening net funds/(debt)	
Cash and cash equivalents	2,616,369
Loans	(18,007,513)
Obligations under finance leases	(3,458,958)
	(18,850,102)
Changes in net debt arising from:	
Cash flows of the entity	3,991,480
Changes in market value and exchange rates	(161,705)
Closing net funds/(debt) as analysed below	(15,020,327)
Closing net funds/(debt)	
Cash and cash equivalents	1,535,328
Loans	(11,851,762)
Obligations under finance leases	(4,703,893)
	(15,020,327)