

Company Registration No. SC075642 (Scotland)

**PCT GROUP SALES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

SATURDAY



\*S7FIHYPN\*  
SCT 29/09/2018 #224  
COMPANIES HOUSE

# **PCT GROUP SALES LIMITED**

## **COMPANY INFORMATION**

---

<b>Directors</b>	Mr P R B Agnew Mr B H Lemond Mr W S Wilson Mr W Agnew
<b>Company number</b>	SC075642
<b>Registered office</b>	Dalsetter House 37 Dalsetter Avenue Glasgow G15 8TE
<b>Auditor</b>	Campbell Dallas Audit Services Titanium 1 King's Inch Place Renfrew PA4 8WF

---

# **PCT GROUP SALES LIMITED**

## **CONTENTS**

---

	<b>Page</b>
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 5
Profit and loss account	6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10 - 22

---

# PCT GROUP SALES LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2017**

---

The directors present the strategic report for the year ended 31 December 2017.

### **Fair review of the business**

The principal activity of the company is the manufacture, marketing, hire and development of equipment and consumables for the working and handling of metals and other materials.

Turnover increased by 1% in the year to £17,953,164 (2016: £17,783,937). Gross profit % remained consistent at 45.7%. Profit before tax was £940,210 (2016: £1,219,115), a reduction principally due to a fall in currency exchange gains in the year.

### **Principal risks and uncertainties**

#### Foreign currency risk

The company is exposed to foreign exchange risk. Transaction exposures, including those associated with forecast transactions are naturally hedged by the company transacting both income and expenditure in the major foreign currencies, thereby matching exchange risk as best possible.

#### Credit risk

The company is exposed to credit related losses in the event of non performance by transaction counterparties, but mitigates such risk through its policy of only selecting counterparties with high credit ratings.

#### Liquidity risk

Operations are financed by a mixture of shareholders funds and bank borrowings. The objective is to ensure a mix of funding methods offering flexibility and cost effectiveness to match the needs of the company.

#### Cash flow risk

The company's policy is to arrange bank overdrafts with a floating rate of interest plus an agreed margin.

On behalf of the board



Mr P R B Agnew

Director

28/9/18

# **PCT GROUP SALES LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2017***

---

The directors present their annual report and financial statements for the year ended 31 December 2017.

#### **Branches**

The company has two branches, one based in Scotland and the other in the United Arab Emirates.

#### **Directors**

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

Mr P R B Agnew  
Mr B H Lemond  
Mr W S Wilson  
Mr W Agnew

Mr L D Grainger ceased to be a director on 6 February 2017.

#### **Results and dividends**

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Auditor**

In accordance with the company's articles, a resolution proposing that Campbell Dallas Audit Services be reappointed as auditor of the company will be put at a General Meeting.

#### **Statement of directors' responsibilities**

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **PCT GROUP SALES LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2017***

---

### **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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board



Mr P R B Agnew

Director

Date: 26/9/18

# **PCT GROUP SALES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF PCT GROUP SALES LIMITED**

---

#### **Opinion**

We have audited the financial statements of PCT Group Sales Limited (the 'company') for the year ended 31 December 2017 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity 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 company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **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 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.

# PCT GROUP SALES LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF PCT GROUP SALES LIMITED

---

#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### 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 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 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.



Donald Boyd (Senior Statutory Auditor)  
for and on behalf of Campbell Dallas Audit Services

28/9/2018

Accountants  
Statutory Auditor

Titanium 1  
King's Inch Place  
Renfrew  
PA4 8WF



# **PCT GROUP SALES LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

---

	Notes	2017 £	2016 £
Turnover	3	17,953,164	17,783,937
Cost of sales		(9,754,734)	(9,649,026)
<b>Gross profit</b>		<b>8,198,430</b>	<b>8,134,911</b>
Distribution costs		(160,184)	(193,166)
Administrative expenses		(6,978,991)	(6,609,538)
Other operating income		152,733	133,606
<b>Operating profit</b>	4	<b>1,211,988</b>	<b>1,465,813</b>
Interest payable and similar expenses	7	(271,778)	(246,698)
<b>Profit before taxation</b>		<b>940,210</b>	<b>1,219,115</b>
Tax on profit	8	(200,762)	(270,666)
<b>Profit for the financial year</b>		<b>739,448</b>	<b>948,449</b>

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

# **PCT GROUP SALES LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017**

---

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Profit for the year</b>	739,448	948,449
<b>Other comprehensive income</b>		
Currency translation differences	(362,567)	566,809
<b>Total comprehensive income for the year</b>	<u>376,881</u>	<u>1,515,258</u>

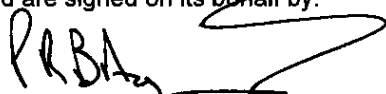
# PCT GROUP SALES LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Intangible assets	9		-		34,721
Tangible assets	10		1,885,788		1,772,045
			<u>1,885,788</u>		<u>1,806,766</u>
<b>Current assets</b>					
Stocks	11	3,906,866		4,933,580	
Debtors	12	9,916,592		10,779,361	
Cash at bank and in hand		5,687		3,956	
			<u>13,829,145</u>		<u>15,716,897</u>
<b>Creditors: amounts falling due within one year</b>	13	(5,642,326)		(7,848,208)	
			<u>8,186,819</u>		<u>7,868,689</u>
<b>Net current assets</b>					
			<u>10,072,607</u>		<u>9,675,455</u>
<b>Total assets less current liabilities</b>					
<b>Creditors: amounts falling due after more than one year</b>	14		(1,141,612)		(1,134,362)
<b>Provisions for liabilities</b>	17		(157,325)		(144,304)
			<u>8,773,670</u>		<u>8,396,789</u>
<b>Net assets</b>					
<b>Capital and reserves</b>					
Called up share capital	20	1,041,666		1,041,666	
Other reserves	21	124,567		124,567	
Profit and loss reserves	22	7,607,437		7,230,556	
			<u>8,773,670</u>		<u>8,396,789</u>
<b>Total equity</b>					

The financial statements were approved by the board of directors and authorised for issue on 28<sup>th</sup> September 2018 and are signed on its behalf by:



Mr P R B Agnew  
Director

Company Registration No. SC075642

# PCT GROUP SALES LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Other reserves	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 January 2016</b>	1,041,666	124,567	5,715,298	6,881,531
<b>Year ended 31 December 2016:</b>				
Profit for the year	-	-	948,449	948,449
Other comprehensive income:				
Currency translation differences	-	-	566,809	566,809
Total comprehensive income for the year	-	-	1,515,258	1,515,258
<b>Balance at 31 December 2016</b>	1,041,666	124,567	7,230,556	8,396,789
<b>Year ended 31 December 2017:</b>				
Profit for the year	-	-	739,448	739,448
Other comprehensive income:				
Currency translation differences	-	-	(362,567)	(362,567)
Total comprehensive income for the year	-	-	376,881	376,881
<b>Balance at 31 December 2017</b>	1,041,666	124,567	7,607,437	8,773,670

# **PCT GROUP SALES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

---

### **1 Accounting policies**

#### **Company information**

PCT Group Sales Limited is a private company limited by shares incorporated in Scotland. The registered office is Dalsetter House, 37 Dalsetter Avenue, Glasgow, G15 8TE.

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Oakenash Group Limited. These consolidated financial statements are available from its registered office, 37 Dalsetter Avenue, Glasgow, G15 8TE.

#### **1.2 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.

#### **1.3 Turnover**

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.

In respect of long term contracts and contracts for ongoing services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long term contracts and contracts for ongoing services is recognised by reference to the stage of completion.

# PCT GROUP SALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

#### 1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

Development costs	25% Straight line
-------------------	-------------------

#### 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:

Leasehold land and buildings	5% on cost
Plant and equipment	5% - 10% on cost
Fixtures and fittings	5% - 10% on cost
Motor vehicles	20% on reducing balance

#### 1.7 Impairment of fixed assets

At each reporting period end date, the company 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.

#### 1.8 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.

#### Work in progress

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.

# PCT GROUP SALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

---

### 1 Accounting policies

(Continued)

#### **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.

#### **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 company 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.

#### **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 through 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.

#### **Derecognition of financial liabilities**

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

### 1.9 Equity instruments

Equity instruments issued by the company 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 company.

### 1.10 Taxation

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

# PCT GROUP SALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

---

### 1 Accounting policies

(Continued)

#### **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 company'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 when the company has 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.

#### **1.11 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.

#### **1.12 Retirement benefits**

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

#### **1.13 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.



# PCT GROUP SALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

#### 1.14 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

The preparation of Financial Statements required management to make judgement, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis and revisions to estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Work in progress

The company estimates work in progress. This is based upon an estimate of time invested in the company order book and an estimate of accrued income based costs incurred and stage of completion.

Contract costs are recognised as an expense in the period in which they relate.

### 3 Turnover and other revenue

	2017 £	2016 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	1,766,838	1,875,489
Europe	5,420,356	3,959,959
Asia	3,099,392	2,176,873
Middle East	6,514,036	8,181,628
Rest of World	1,152,542	1,589,988
	<u>17,953,164</u>	<u>17,783,937</u>

### 4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(72,889)	(333,802)
Fees payable to the company's auditor for the audit of the company's financial statements	29,500	29,500
Depreciation of owned tangible fixed assets	277,924	284,976
(Profit)/loss on disposal of tangible fixed assets	(3,617)	460
Amortisation of intangible assets	34,721	50,000
Cost of stocks recognised as an expense	8,147,019	8,563,905
Operating lease charges	<u>498,015</u>	<u>401,645</u>

# PCT GROUP SALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 4 Operating profit

(Continued)

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 £72,889 (2016 - £333,802).

#### 5 Employees

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

	2017 Number	2016 Number
Production Staff	61	53
Distribution Staff	38	40
Administrative Staff	31	33
	<u>130</u>	<u>126</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	5,168,013	4,627,905
Social security costs	347,153	402,916
Pension costs	63,149	74,359
	<u>5,578,315</u>	<u>5,105,180</u>

#### 6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	484,429	503,904
Company pension contributions to defined contribution schemes	17,060	9,645
	<u>501,489</u>	<u>513,549</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 3).

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

	2017 £	2016 £
Remuneration for qualifying services	<u>152,184</u>	<u>151,000</u>

# PCT GROUP SALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 7 Interest payable and similar expenses

	2017	2016
	£	£
Interest on bank overdrafts and loans	196,529	178,561
Interest on finance leases and hire purchase contracts	9,581	9,821
Other interest on financial liabilities	65,668	58,316
	<u>271,778</u>	<u>246,698</u>

### 8 Taxation

	2017	2016
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	187,741	246,711
	<u>187,741</u>	<u>246,711</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	13,021	23,955
	<u>13,021</u>	<u>23,955</u>
<b>Total tax charge</b>	<u>200,762</u>	<u>270,666</u>

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

	2017	2016
	£	£
Profit before taxation	940,210	1,219,115
	<u>940,210</u>	<u>1,219,115</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%)	178,640	243,823
Tax effect of expenses that are not deductible in determining taxable profit	20,407	11,825
Other non-reversing timing differences	482	15,018
Tax at marginal rate	1,233	-
	<u>200,762</u>	<u>270,666</u>
<b>Taxation charge for the year</b>	<u>200,762</u>	<u>270,666</u>

# PCT GROUP SALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 9 Intangible fixed assets

	Development costs £
<b>Cost</b>	
At 1 January 2017 and 31 December 2017	234,721
<b>Amortisation and impairment</b>	
At 1 January 2017	200,000
Amortisation charged for the year	34,721
At 31 December 2017	234,721
<b>Carrying amount</b>	
At 31 December 2017	-
At 31 December 2016	34,721

### 10 Tangible fixed assets

	Leasehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 2017	269,129	5,116,727	403,527	960,522	6,749,905
Additions	15,321	335,412	15,205	124,915	490,853
Disposals	-	-	-	(111,230)	(111,230)
Exchange adjustments	-	(18,287)	(9,027)	(29,622)	(56,936)
At 31 December 2017	284,450	5,433,852	409,705	944,585	7,072,592
<b>Depreciation and impairment</b>					
At 1 January 2017	210,379	3,933,387	353,090	481,004	4,977,860
Depreciation charged in the year	8,757	135,251	16,154	117,762	277,924
Eliminated in respect of disposals	-	-	-	(29,037)	(29,037)
Exchange adjustments	-	(16,297)	(5,697)	(17,949)	(39,943)
At 31 December 2017	219,136	4,052,341	363,547	551,780	5,186,804
<b>Carrying amount</b>					
At 31 December 2017	65,314	1,381,511	46,158	392,805	1,885,788
At 31 December 2016	58,750	1,183,340	50,437	479,518	1,772,045

Fixed assets, included in the above, which are held under hire purchase or finance leases had a net book value at 31 December 2017 of £382,803 (2016: £400,012). The related depreciation charge was £69,025 (2016: £85,864).

# PCT GROUP SALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 11 Stocks

	2017 £	2016 £
Work in progress	1,214,571	1,302,796
Finished goods and goods for resale	2,692,295	3,630,784
	<u>3,906,866</u>	<u>4,933,580</u>

### 12 Debtors

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Trade debtors	4,576,817	5,462,134
Amounts owed by group undertakings	2,216,634	2,094,879
Other debtors	2,913,744	2,877,112
Prepayments and accrued income	209,397	345,236
	<u>9,916,592</u>	<u>10,779,361</u>

### 13 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	15	969,559	3,691,707
Obligations under finance leases	16	105,425	116,556
Trade creditors		1,915,526	1,519,036
Amounts due to group undertakings		769,287	509,353
Corporation tax		420,902	347,750
Other taxation and social security		85,744	102,943
Other creditors		887,617	885,682
Accruals and deferred income		488,266	675,181
		<u>5,642,326</u>	<u>7,848,208</u>

### 14 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	15	964,209	939,946
Obligations under finance leases	16	177,403	194,416
		<u>1,141,612</u>	<u>1,134,362</u>

# PCT GROUP SALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 15 Loans and overdrafts

	2017 £	2016 £
Bank loans	964,209	1,250,217
Bank overdrafts	969,559	3,381,436
	<u>1,933,768</u>	<u>4,631,653</u>
Payable within one year	969,559	3,691,707
Payable after one year	<u>964,209</u>	<u>939,946</u>

Bank borrowings are secured by a floating charge over the assets and undertakings of the company and a cross guarantee with its parent undertaking and fellow subsidiary companies.

### 16 Finance lease obligations

	2017 £	2016 £
Future minimum lease payments due under finance leases:		
Within one year	105,425	116,556
In two to five years	177,403	194,416
	<u>282,828</u>	<u>310,972</u>

### 17 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	18	<u>157,325</u>	<u>144,304</u>

### 18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2017 £	Liabilities 2016 £
Balances:		
Accelerated capital allowances	<u>157,325</u>	<u>144,304</u>

# PCT GROUP SALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 18 Deferred taxation (Continued)

	<b>2017</b>
<b>Movements in the year:</b>	<b>£</b>
Liability at 1 January 2017	144,304
Charge to profit or loss	13,021
Liability at 31 December 2017	<u>157,325</u>

### 19 Retirement benefit schemes

	<b>2017</b>	<b>2016</b>
<b>Defined contribution schemes</b>	<b>£</b>	<b>£</b>
Charge to profit or loss in respect of defined contribution schemes	<u>63,149</u>	<u>74,359</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 20 Share capital

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1,041,666 Ordinary shares of £1 each	1,041,666	1,041,666
	<u>1,041,666</u>	<u>1,041,666</u>

### 21 Other reserves

	<b>£</b>
Balance at 1 January 2016	124,567
Balance at 31 December 2016	<u>124,567</u>
Balance at 31 December 2017	<u>124,567</u>

### 22 Profit and loss reserves

# PCT GROUP SALES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 22 Profit and loss reserves (Continued)

	2017 £	2016 £
At the beginning of the year	7,230,556	5,715,298
Profit for the year	739,448	948,449
Currency translation differences	(362,567)	566,809
At the end of the year	<u>7,607,437</u>	<u>7,230,556</u>

### 23 Financial commitments, guarantees and contingent liabilities

The company has unlimited cross guarantees with Oakenash Group Limited and other related parties. At 31 December 2017 the bank borrowings of the group amounted to £2,525,662 (2016: £4,631,654).

The company has a contingent employee liability under Dubai law, arising only in the event of such employees employment being terminated of £576,973 (2016: £678,541).

### 24 Operating lease commitments

#### Lessee

Operating lease payments represent rentals payable by the company for certain of its properties, motor vehicles and equipment.

Operating leases in respect of motor vehicles and equipment have an average term of 3 years, monthly rentals are fixed for that period.

Operating leases in respect of the property expires in January 2036. The rentals are fixed for an average of 5 years when the rent payable is under review.

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

	2017 £	2016 £
Within one year	221,413	190,015
Between two and five years	801,349	119,239
In over five years	2,616,667	23,360
	<u>3,639,429</u>	<u>332,614</u>

### 25 Related party transactions

#### Transactions with related parties



# **PCT GROUP SALES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2017**

---

### **25 Related party transactions**

**(Continued)**

During the year the company entered into the following transactions with related parties:

At 31 December 2017 the company were owed £1,461,456 (2016: £1,398,884) due from an associate company of Oakenash Group Limited. The balance is included in other debtors due within one year. The company purchased £243,421 of goods and services from that company (2016: £43,033).

Also included within other debtors due within one year are loans of £615,382 (2016: £560,947) due from companies under common directorship.

At 31 December 2017, the company owed £839,695 (2016: £622,760) to a company under common directorship and control. The balance at the year end is included within other creditors due within one year. The company incurred rental charges of £193,633 (2016: £193,633) and received income of £200,000 from that company.

At 31 December 2017, the company owed the directors £3,891 (2016: £4615). These balances are repayable on demand and do not bear interest.

### **26 Controlling party**

The parent company of PCT Group Sales Limited is Oakenash Group Limited, a company registered in Scotland (registered number SC169961). Its registered office address is 37 Dalsetter Avenue, Glasgow, G15 8TE.

The financial statements of the company are consolidated into the financial statements of Oakenash Group Limited, this is the smallest and largest group in which the company is included. The consolidated financial statements of Oakenash Group Limited can be obtained from its registered office, 37 Dalsetter Avenue, Glasgow, G15 8TE.