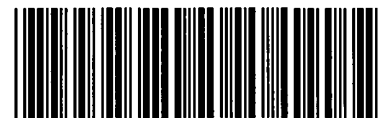


**GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
FOR
TRATOS (UK) LIMITED**

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TRATOS (UK) LIMITED

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TRATOS (UK) LIMITED
COMPANY INFORMATION
for the year ended 31 December 2017

DIRECTORS:	Dr Albano Bragagni Dr Maurizio Bragagni Mr Germano Bragagni Dr Ennio Bragagni Capaccini Dr Elisabetta Bragagni Capaccini Dr Enrico Scambia
SECRETARY:	Mr Kevin Martin
REGISTERED OFFICE:	Randles Road Knowsley Business Park Knowsley L34 9HX
REGISTERED NUMBER:	01524815 (England and Wales)
SENIOR STATUTORY AUDITOR:	Mr James Timothy Card FCCA
AUDITOR:	Hewitt Card Limited Statutory Auditor 70-72 Nottingham Road Mansfield Nottinghamshire NG18 1BN

TRATOS (UK) LIMITED

GROUP STRATEGIC REPORT for the year ended 31 December 2017

The directors present their strategic report of the company and the group for the year ended 31 December 2017.

Our objectives are to provide a reliable, competitive and high quality supply of cable, and after sales care to the public and corporate customers. This is backed up by specialist knowledge built up through the combined experience of our staff.

Through this we aim to achieve an acceptable return for the shareholders and provide for longer term planning to secure the future of the Group.

REVIEW OF BUSINESS

The U.K cable industry has been seriously affected by the recent introduction of CPR (Construction Products Regulation) which has raised the requirements with regard to the reaction to fire of electrical cables. Tratos are fully in favour of product being required to meet better standards and previously fully supported the ACI (Approved Cables Initiative) which related to increased independent testing of product by certified bodies. Tratos are now involved in campaigning hard to ensure that the level of performance required under CPR is at a high level and at least equivalent to that set for cables and optical fibres in the Telecommunications industry. The vehicle for this is the Safer Structures Campaign (<https://www.saferstructures.org.uk/>) which was set up to take the issue of cable performance to Government to change the way buildings are constructed and made safer.

The cost of better quality and performance does not come cheaply and we have made major investments both in the U.K. and Italy, particularly in the equipment required for testing to the new standards rather than attract the cost and delay of external test houses. We are still required to be independently monitored by an authorised body as well. We do believe that the long term outcome of the raised specifications is that the many companies hoping to import cable into the U.K and sell it in the market against correctly engineered and tested product will be forced to either meet the same levels as us or not be allowed to sell at all. The cable industry has been a commodity market for too long, we trust that it is time that the level of expertise required to make a cable that is of good quality and more importantly safe to use is considerable and should be recognised in the market price and the manufacturers of counterfeit and sub-standard product will now be driven out of business.

The company has progressed well in the fibre optic cables market with major new contracts for infrastructure as the U.K. comes to face with its severe lack of fibre to the home and buildings plus the requirements of 5G Technology. We have secured major supply contracts in the midst of a severe Worldwide shortage of actual fibre and working closely on developing new and improved technology. This supply issue is predicted to continue in the next ten years which leaves us in a position of strength for the future.

The group has seen a reduction in turnover, the anticipated growth in the medium voltage sector has been delayed whilst the machinery is installed. However, the group is obtaining growth in the transport and technology sector, sectors which the group is seeking to expand further in the next financial year.

The group has reported a small loss generated by the timing differences on taxation, without this the group would be in profit.

The group's balance sheet position has remained consistent with the previous year. The group continues to invest in its factory at Knowsley and receive support from its parent company.

The key performance indicators by which financial performance is measured are as follows:-

	2017	2016
Turnover	£19.18m	£25.87m
Gross profit percentage	23.84%	16.29%
Net (loss)/profit	£(63k)	£456k
Shareholders funds	£5.15m	£5.21m

TRATOS (UK) LIMITED

**GROUP STRATEGIC REPORT
for the year ended 31 December 2017**

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks that we face are those arising from competition in the marketplace particularly in the form of price and supply.

In addition effective working capital management is required to ensure that products are available at the right time.

The provision of specialist knowledge is also key to adding value and achieving our aim of a quality service and so retention of experienced and knowledgeable staff is a risk we face.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'Kevin Martin', is written over the printed name.

Mr Kevin Martin - Secretary

15 May 2018

TRATOS (UK) LIMITED

REPORT OF THE DIRECTORS for the year ended 31 December 2017

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activities of the group in the year under review were those of the manufacture and distribution of electrical cables.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2017.

DIRECTORS

The directors during the year under review were:

Dr Albano Bragagni
Dr Maurizio Bragagni
Mr Neil Ancell - resigned 21.11.17
Mr Germano Bragagni
Dr Ennio Bragagni Capaccini
Dr Elisabetta Bragagni Capaccini
Dr Enrico Scambia

The beneficial interests of the directors holding office on 31 December 2017 in the issued share capital of the company were as follows:

	31.12.17	1.1.17
Ordinary A £1 shares		
Dr Albano Bragagni	22,060	22,060
Dr Maurizio Bragagni	375,020	375,020
Mr Germano Bragagni	-	-
Dr Ennio Bragagni Capaccini	176,480	176,480
Dr Elisabetta Bragagni Capaccini	176,480	176,480
Dr Enrico Scambia	-	-
Ordinary B £1 shares		
Dr Albano Bragagni	-	-
Dr Maurizio Bragagni	-	-
Mr Germano Bragagni	-	-
Dr Ennio Bragagni Capaccini	-	-
Dr Elisabetta Bragagni Capaccini	-	-
Dr Enrico Scambia	-	-
Ordinary C £1 shares		
Dr Albano Bragagni	-	-
Dr Maurizio Bragagni	-	-
Mr Germano Bragagni	-	-
Dr Ennio Bragagni Capaccini	-	-
Dr Elisabetta Bragagni Capaccini	-	-
Dr Enrico Scambia	-	-

TRATOS (UK) LIMITED

REPORT OF THE DIRECTORS for the year ended 31 December 2017

FINANCIAL INSTRUMENTS

The Company's main risks are the maintenance of sufficient product stock to ensure a continuous supply to market together with the maintenance of a competitive price base.

This is achieved through regular review of inventory levels together with review of sales trends and market analysis.

In addition liquid funds are reviewed and managed on a daily basis by the directors to ensure funds are available to meet the on going and anticipated future commitments of the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 the group 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;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

AUDITOR

The auditor, Hewitt Card Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mr Kevin Martin - Secretary



15 May 2018

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF TRATOS (UK) LIMITED

Opinion

I have audited the financial statements of Tratos (UK) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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. My audit work has been undertaken so that I might state to the company's members those matters I am required to state to them in a Report of the Auditor and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's members as a body, for my audit work, for this report, or for the opinions I have formed.

In my opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me 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 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 in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and my Report of the Auditor thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
TRATOS (UK) LIMITED**

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which I am 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, I have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for my audit have not been received from branches not visited by me; 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
- I have not received all the information and explanations I require for my audit.

Responsibilities of directors

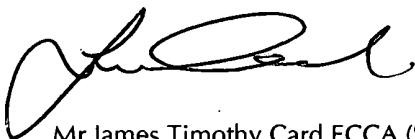
As explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to 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.

My responsibilities for the audit of the financial statements

My 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 a Report of the Auditor that includes my 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 my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of my Report of the Auditor.



Mr James Timothy Card FCCA (Senior Statutory Auditor)
for and on behalf of Hewitt Card Limited
Statutory Auditor
70-72 Nottingham Road
Mansfield
Nottinghamshire
NG18 1BN

15 May 2018

TRATOS (UK) LIMITED
CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2017

	Notes	31.12.17 £	31.12.16 £
TURNOVER		19,175,439	25,875,067
Cost of sales		<u>14,603,847</u>	<u>21,659,851</u>
GROSS PROFIT		4,571,592	4,215,216
Administrative expenses		<u>4,158,517</u>	<u>3,201,893</u>
		413,075	1,013,323
Other operating income		<u>(165,721)</u>	<u>(175,656)</u>
OPERATING PROFIT	4	247,354	837,667
Interest payable and similar expenses	5	<u>237,607</u>	<u>309,653</u>
PROFIT BEFORE TAXATION		9,747	528,014
Tax on profit	6	<u>72,852</u>	<u>71,523</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(63,105)	456,491
(Loss)/profit attributable to: Owners of the parent		<u>(63,105)</u>	<u>456,491</u>

The notes form part of these financial statements

TRATOS (UK) LIMITED

CONSOLIDATED OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2017

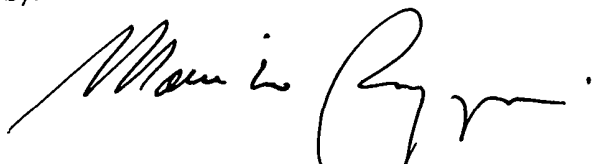
Notes	31.12.17 £	31.12.16 £
(LOSS)/PROFIT FOR THE YEAR	(63,105)	456,491
OTHER COMPREHENSIVE INCOME		
Capitalisation of shares	-	(1,500,012)
Income tax relating to other comprehensive income	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	-	(1,500,012)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(63,105)</u>	<u>(1,043,521)</u>
Total comprehensive income attributable to: Owners of the parent	<u>(63,105)</u>	<u>(1,043,521)</u>

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
31 December 2017

	Notes	31.12.17 £	31.12.16 £
FIXED ASSETS			
Intangible assets	9	152,037	72,087
Tangible assets	10	17,621,328	15,428,609
Investments	11	-	-
		<u>17,773,365</u>	<u>15,500,696</u>
CURRENT ASSETS			
Stocks	12	6,260,285	4,000,538
Debtors	13	4,466,755	6,962,825
Cash at bank and in hand		114,729	113,480
		<u>10,841,769</u>	<u>11,076,843</u>
CREDITORS			
Amounts falling due within one year	14	9,580,887	9,335,105
NET CURRENT ASSETS		<u>1,260,882</u>	<u>1,741,738</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>19,034,247</u>	<u>17,242,434</u>
CREDITORS			
Amounts falling due after more than one year	15	(13,365,121)	(11,574,367)
PROVISIONS FOR LIABILITIES	19	(522,188)	(458,024)
NET ASSETS		<u>5,146,938</u>	<u>5,210,043</u>
CAPITAL AND RESERVES			
Called up share capital	20	4,000,080	4,000,080
Capital redemption reserve	21	32	32
Retained earnings	21	1,146,826	1,209,931
SHAREHOLDERS' FUNDS		<u>5,146,938</u>	<u>5,210,043</u>

The financial statements were approved by the Board of Directors on 15 May 2018 and were signed on its behalf by:



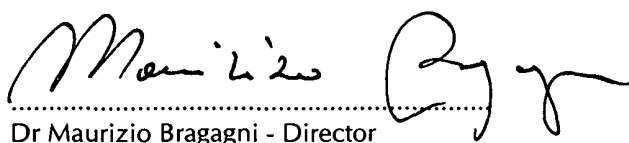
Dr Maurizio Bragagni - Director

TRATOS (UK) LIMITED (REGISTERED NUMBER: 01524815)

COMPANY BALANCE SHEET
31 December 2017

	Notes	31.12.17 £	£	31.12.16 £	£
FIXED ASSETS					
Intangible assets	9		152,037		72,087
Tangible assets	10		17,576,268		15,382,982
Investments	11		100		100
			<u>17,728,405</u>		<u>15,455,169</u>
CURRENT ASSETS					
Stocks	12	6,260,285		4,000,538	
Debtors	13	4,568,846		7,059,143	
Cash at bank and in hand		114,729		113,480	
		<u>10,943,860</u>		<u>11,173,161</u>	
CREDITORS					
Amounts falling due within one year	14	9,642,361		9,534,452	
NET CURRENT ASSETS			<u>1,301,499</u>		<u>1,638,709</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>19,029,904</u>		<u>17,093,878</u>
CREDITORS					
Amounts falling due after more than one year	15		(13,365,121)		(11,574,367)
PROVISIONS FOR LIABILITIES	19		(519,682)		(456,068)
NET ASSETS			<u>5,145,101</u>		<u>5,063,443</u>
CAPITAL AND RESERVES					
Called up share capital	20		4,000,080		4,000,080
Capital redemption reserve	21		32		32
Retained earnings	21		1,144,989		1,063,331
SHAREHOLDERS' FUNDS			<u>5,145,101</u>		<u>5,063,443</u>
Company's profit for the financial year			<u>81,658</u>		<u>484,976</u>

The financial statements were approved by the Board of Directors on 15 May 2018 and were signed on its behalf by:


Dr Maurizio Bragagni - Director

The notes form part of these financial statements

TRATOS (UK) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 January 2016	2,500,068	2,253,452	32	4,753,552
Changes in equity				
Issue of share capital	1,500,012	-	-	1,500,012
Total comprehensive income	-	(1,043,521)	-	(1,043,521)
Balance at 31 December 2016	<u>4,000,080</u>	<u>1,209,931</u>	<u>32</u>	<u>5,210,043</u>
Changes in equity				
Total comprehensive income	-	(63,105)	-	(63,105)
Balance at 31 December 2017	<u><u>4,000,080</u></u>	<u><u>1,146,826</u></u>	<u><u>32</u></u>	<u><u>5,146,938</u></u>

The notes form part of these financial statements

TRATOS (UK) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 January 2016	2,500,068	2,078,367	32	4,578,467
Changes in equity				
Issue of share capital	1,500,012	-	-	1,500,012
Total comprehensive income	-	(1,015,036)	-	(1,015,036)
Balance at 31 December 2016	<u>4,000,080</u>	<u>1,063,331</u>	<u>32</u>	<u>5,063,443</u>
Changes in equity				
Total comprehensive income	-	81,658	-	81,658
Balance at 31 December 2017	<u><u>4,000,080</u></u>	<u><u>1,144,989</u></u>	<u><u>32</u></u>	<u><u>5,145,101</u></u>

The notes form part of these financial statements

TRATOS (UK) LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2017**

	Notes	31.12.17 £	31.12.16 £
Cash flows from operating activities			
Cash generated from operations	1	3,514,110	2,781,143
Interest paid		(237,182)	(309,228)
Interest element of hire purchase or finance lease rental payments paid		(425)	(425)
Tax paid		(12,603)	(15,042)
Net cash from operating activities		<u>3,263,900</u>	<u>2,456,448</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(79,950)	-
Purchase of tangible fixed assets		(3,065,901)	(4,302,879)
Sale of tangible fixed assets		250,000	128,969
Net cash from investing activities		<u>(2,895,851)</u>	<u>(4,173,910)</u>
Cash flows from financing activities			
New loans in year		1,060,000	4,300,000
Loan repayments in year		(1,150,118)	(4,553,916)
Net cash from financing activities		<u>(90,118)</u>	<u>(253,916)</u>
Increase/(decrease) in cash and cash equivalents		<u>277,931</u>	<u>(1,971,378)</u>
Cash and cash equivalents at beginning of year	2	<u>(2,083,600)</u>	<u>(112,222)</u>
Cash and cash equivalents at end of year	2	<u><u>(1,805,669)</u></u>	<u><u>(2,083,600)</u></u>

The notes form part of these financial statements

TRATOS (UK) LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2017**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.12.17	31.12.16
	£	£
Profit before taxation	9,747	528,014
Depreciation charges	873,181	624,527
Profit on disposal of fixed assets	(250,000)	(128,969)
Finance costs	237,607	309,653
	<u>870,535</u>	<u>1,333,225</u>
Increase in stocks	(2,259,747)	(74,981)
Decrease/(increase) in trade and other debtors	2,496,070	(2,798,802)
Increase in trade and other creditors	2,407,252	4,321,701
	<u>3,514,110</u>	<u>2,781,143</u>
Cash generated from operations	<u><u>3,514,110</u></u>	<u><u>2,781,143</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	114,729	113,480
Bank overdrafts	(1,920,398)	(2,197,080)
	<u>(1,805,669)</u>	<u>(2,083,600)</u>

Year ended 31 December 2016

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	113,480	456
Bank overdrafts	(2,197,080)	(112,678)
	<u>(2,083,600)</u>	<u>(112,222)</u>

The notes form part of these financial statements

TRATOS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2017

1. STATUTORY INFORMATION

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

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

These financial statements have been prepared on the going concern basis, the validity of which is dependent upon the continuing support of the parent company.

Turnover

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

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2007, is being amortised evenly over its estimated useful life of five years.

Positive goodwill is in respect of the groups subsidiary company, HEPR Limited. It represents the goodwill on acquisition of a trade and is being amortised over its expected useful life of 5 years.

Negative goodwill is in respect of the acquisition of the group North West Cables Limited and is being written off to the Profit & Loss account.

Development costs

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred with the exception of expenditure incurred in respect of the development of major new products where the outcome of those projects is assessed as being reasonably certain as regards viability and technical feasibility. Such expenditure is capitalised and amortised straight line over the estimated period of sale for each product, commencing in the year that sales of the product are first made.

TRATOS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2017

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Plant and machinery	- 33.3% on cost, 33.3% straight line, 20% on reducing balance, 20% on cost, 10% on cost and 10% on reducing balance
Fixtures and fittings	- 20% on reducing balance, 15% on reducing balance and 10% on reducing balance
Motor vehicles	- 25% on reducing balance

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Stocks

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

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

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

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

Stocks are valued on the FIFO basis.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

TRATOS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2017

2. ACCOUNTING POLICIES - continued

Deferred tax

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

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

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

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

Government grants

Government grants are deferred and released to the profit and loss account over the term of the grant dependent upon the group satisfying the terms and conditions.

3. EMPLOYEES AND DIRECTORS

	31.12.17	31.12.16
	£	£
Wages and salaries	1,667,836	1,473,659
Social security costs	181,733	153,635
Other pension costs	116,416	88,377
	<u>1,965,985</u>	<u>1,715,671</u>

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

	31.12.17	31.12.16
	<u>51</u>	<u>49</u>
	31.12.17	31.12.16
	£	£
Directors' remuneration	177,081	140,135
Directors' pension contributions to money purchase schemes	<u>50,689</u>	<u>39,155</u>

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

Money purchase schemes	<u>3</u>	<u>3</u>
------------------------	----------	----------

TRATOS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2017

4. OPERATING PROFIT

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

	31.12.17	31.12.16
	£	£
Depreciation - owned assets	873,182	624,529
Profit on disposal of fixed assets	(250,000)	(128,969)
Auditors' remuneration	22,774	22,111
Auditors remuneration other services	3,050	3,643
Foreign exchange differences	165,721	175,656
	<u>165,721</u>	<u>175,656</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.17	31.12.16
	£	£
Bank interest	1,746	195
Bank loan interest	164,687	236,804
Interest on parent company debt	47,510	55,504
Invoice discounting interest	23,239	16,725
Hire purchase	425	425
	<u>237,607</u>	<u>309,653</u>

6. TAXATION

Analysis of the tax charge

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

	31.12.17	31.12.16
	£	£
Current tax:		
UK corporation tax	-	3,915
Overprovision in respect of earlier years	(3,915)	3,128
Overseas tax	12,603	11,914
	<u>8,688</u>	<u>18,957</u>
Total current tax		
Deferred tax:		
Deferred tax	(167,476)	-
Origination and reversal of timing differences	231,640	52,566
	<u>64,164</u>	<u>52,566</u>
Total deferred tax		
Tax on profit	<u>72,852</u>	<u>71,523</u>

TRATOS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2017

6. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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

	31.12.17 £	31.12.16 £
Profit before tax	<u>9,747</u>	<u>528,014</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2016 - 20%)	1,852	105,603
Effects of:		
Expenses not deductible for tax purposes	61,976	3,671
Income not taxable for tax purposes	(71,927)	(25,794)
Capital allowances in excess of depreciation	(130,601)	(171,417)
Utilisation of tax losses	138,700	91,851
Adjustments to tax charge in respect of previous periods	(3,915)	3,128
Overseas tax	12,603	11,914
Deferred tax	<u>64,164</u>	<u>52,567</u>
Total tax charge	<u>72,852</u>	<u>71,523</u>

Tax effects relating to effects of other comprehensive income

There were no tax effects for the year ended 31 December 2017.

	Gross £	31.12.16 Tax £	Net £
Capitalisation of shares	<u>(1,500,012)</u>	<u>-</u>	<u>(1,500,012)</u>

7. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

8. DEFINED CONTRIBUTION PENSION SCHEME

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

The total cost of contributions in the year is £116,416 (2016: £88,377). No contributions were outstanding at 31st December 2017 (2016:nil)

TRATOS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2017

9. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Goodwill £	Development costs £	Totals £
COST				
At 1 January 2017	126,325	(234,262)	72,087	(35,850)
Additions	-	-	79,950	79,950
	<u>126,325</u>	<u>(234,262)</u>	<u>152,037</u>	<u>44,100</u>
At 31 December 2017				
AMORTISATION				
At 1 January 2017				
and 31 December 2017	126,325	(234,262)	-	(107,937)
	<u>126,325</u>	<u>(234,262)</u>	<u>-</u>	<u>(107,937)</u>
NET BOOK VALUE				
At 31 December 2017	-	-	152,037	152,037
	<u>-</u>	<u>-</u>	<u>152,037</u>	<u>152,037</u>
At 31 December 2016	-	-	72,087	72,087
	<u>-</u>	<u>-</u>	<u>72,087</u>	<u>72,087</u>

Company

	Development costs £
COST	
At 1 January 2017	72,087
Additions	79,950
	<u>152,037</u>
At 31 December 2017	
NET BOOK VALUE	
At 31 December 2017	152,037
	<u>152,037</u>
At 31 December 2016	72,087
	<u>72,087</u>

TRATOS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2017

10. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2017	6,872,255	10,070,035	309,021	56,345	17,307,656
Additions	897,532	2,024,014	144,355	-	3,065,901
Disposals	-	(250,000)	-	-	(250,000)
At 31 December 2017	7,769,787	11,844,049	453,376	56,345	20,123,557
DEPRECIATION					
At 1 January 2017	275,153	1,390,150	183,412	30,332	1,879,047
Charge for year	139,979	711,111	15,588	6,504	873,182
Eliminated on disposal	-	(250,000)	-	-	(250,000)
At 31 December 2017	415,132	1,851,261	199,000	36,836	2,502,229
NET BOOK VALUE					
At 31 December 2017	7,354,655	9,992,788	254,376	19,509	17,621,328
At 31 December 2016	6,597,102	8,679,885	125,609	26,013	15,428,609

Included in cost of land and buildings is freehold land of £463,000 (2016 - £463,000) which is not depreciated.

Company

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION					
At 1 January 2017	6,864,343	10,067,463	278,261	13,783	17,223,850
Additions	897,532	2,024,014	134,355	-	3,055,901
Disposals	-	(250,000)	-	-	(250,000)
At 31 December 2017	7,761,875	11,841,477	412,616	13,783	20,029,751
DEPRECIATION					
At 1 January 2017	267,241	1,387,578	176,057	9,992	1,840,868
Charge for year	139,979	711,111	10,577	948	862,615
Eliminated on disposal	-	(250,000)	-	-	(250,000)
At 31 December 2017	407,220	1,848,689	186,634	10,940	2,453,483
NET BOOK VALUE					
At 31 December 2017	7,354,655	9,992,788	225,982	2,843	17,576,268
At 31 December 2016	6,597,102	8,679,885	102,204	3,791	15,382,982

Included in cost or valuation of land and buildings is freehold land of £463,000 (2016 - £463,000) which is not depreciated.

TRATOS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2017

10. TANGIBLE FIXED ASSETS - continued

Company

11. FIXED ASSET INVESTMENTS

Company

	Unlisted investments £
COST	
At 1 January 2017	
and 31 December 2017	100
NET BOOK VALUE	
At 31 December 2017	100
At 31 December 2016	100

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Hamilton Cables (East Anglia) Ltd

Registered office:

Nature of business: dormant

	%
Class of shares:	holding
Ordinary	100.00

The subsidiary has a nil balance sheet value for the years ended 31st December 2017 and 2016.

The registered office of the subsidiary is:

1 Park Road
Holmewood Industrial Park
Holmewood
Chesterfield
Derbys S42 5UW

Hamilton Cables Limited

Registered office:

Nature of business: dormant

	%
Class of shares:	holding
Ordinary	100.00

The subsidiary has a nil balance sheet value for the years ended 31st December 2017 and 2016.

The registered office of the subsidiary is:

1 Park Road
Holmewood Industrial Park
Holmewood
Chesterfield
Derbys S42 5UW

TRATOS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2017

11. FIXED ASSET INVESTMENTS - continued

North West Cables Limited

Registered office:

Nature of business: Dormant

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.12.17	31.12.16
		£	£
Aggregate capital and reserves		-	128,200
Loss for the year		<u>(128,200)</u>	<u>-</u>

The subsidiary has a nil balance sheet value for the years ended 31st December 2017 and 2016.

The registered office of the subsidiary is:

Randles Road

Knowsley Business Park

Knowsley

Merseyside

L34 9HX

HEPR Limited

Registered office:

Nature of business: Dormant

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.12.17	31.12.16
		£	£
Aggregate capital and reserves		-	370
Loss for the year		<u>(370)</u>	<u>(36,095)</u>

The subsidiary has a nil balance sheet value for the years ended 31st December 2017 and 2016.

The registered office of the subsidiary is:

Randles Road

Knowsley Business Park

Knowsley

Merseyside

L34 9HX

TRATOS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2017

11. FIXED ASSET INVESTMENTS - continued

Tratos Limited

Registered office:

Nature of business: Sales agency

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.12.17	31.12.16
		£	£
Aggregate capital and reserves		2,091	18,284
(Loss)/profit for the year		(16,193)	7,611

The registered office of the subsidiary is:

Randles Road

Knowsley Business Park

Knowsley

Merseyside

L34 9HX

The subsidiaries Hamilton Cables Limited, Hamilton Cables (East Anglia) Limited and North West Cables Limited have claimed exemption from an audit by virtue of section 479A of the Companies Act 2006.

12. STOCKS

	Group		Company	
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Stock of finished goods	6,083,629	3,905,418	6,083,629	3,905,418
Work-in-progress	176,656	95,120	176,656	95,120
	<u>6,260,285</u>	<u>4,000,538</u>	<u>6,260,285</u>	<u>4,000,538</u>

The total carrying amount of stock is pledged as security.

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Trade debtors	4,232,368	6,774,493	4,232,368	6,774,493
Amounts owed by group undertakings	-	-	119,278	113,509
Prepayments and accrued income	234,387	188,332	217,200	171,141
	<u>4,466,755</u>	<u>6,962,825</u>	<u>4,568,846</u>	<u>7,059,143</u>

TRATOS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2017

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Bank loans and overdrafts (see note 16)	2,356,994	3,014,549	2,438,537	3,125,815
Trade creditors	455,938	358,249	454,671	332,075
Amounts owed to group undertakings	6,551,662	4,581,535	6,551,662	4,709,735
Tax	-	3,915	-	-
Social security and other taxes	(2,044)	5,292	(17,422)	(11,089)
VAT	108,253	1,098,409	108,253	1,111,386
Accrued expenses	110,084	273,156	106,660	266,530
	<u>9,580,887</u>	<u>9,335,105</u>	<u>9,642,361</u>	<u>9,534,452</u>

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

	Group		Company	
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Bank loans (see note 16)	4,365,121	3,941,667	4,365,121	3,941,667
Other loans (see note 16)	-	132,700	-	132,700
Amounts owed to group undertakings	9,000,000	7,500,000	9,000,000	7,500,000
	<u>13,365,121</u>	<u>11,574,367</u>	<u>13,365,121</u>	<u>11,574,367</u>

TRATOS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2017

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	1,920,398	2,197,080	2,001,941	2,308,346
Bank loans	436,596	286,667	436,596	286,667
Other loans	-	530,802	-	530,802
	<u>2,356,994</u>	<u>3,014,549</u>	<u>2,438,537</u>	<u>3,125,815</u>
Amounts falling due between one and two years:				
Bank loans	441,328	286,667	441,328	286,667
Other loans	-	132,700	-	132,700
	<u>441,328</u>	<u>419,367</u>	<u>441,328</u>	<u>419,367</u>
Amounts falling due between two and five years:				
Bank loans	<u>1,352,381</u>	<u>860,000</u>	<u>1,352,381</u>	<u>860,000</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans	<u>2,571,412</u>	<u>2,795,000</u>	<u>2,571,412</u>	<u>2,795,000</u>

The group has consolidated its loans under one lender and the duration of the loan is for fourteen years. Interest is applied at 2.75% over the Bank of England base rate

The group has taken out a commercial mortgage in the year with Lloyds bank for £1 million repayable over 6 years. Interest applied to this loan is at a fixed rate of 8.15% over the duration. The loan is secured against specified plant owned by the company

In addition to this the group also has a regional growth grant which has been released in full during the year.

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	31.12.17	31.12.16
	£	£
Within one year	5,079	43,949
Between one and five years	91,055	31,957
	<u>96,134</u>	<u>75,906</u>

TRATOS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2017

17. LEASING AGREEMENTS - continued

Company

	Non-cancellable operating leases	
	31.12.17	31.12.16
	£	£
Within one year	5,079	43,949
Between one and five years	91,055	31,957
	<u>96,134</u>	<u>75,906</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Bank overdraft	1,920,398	2,197,080	2,001,941	2,308,346
Bank loans	4,801,717	4,759,136	4,801,717	4,759,136
	<u>6,722,115</u>	<u>6,956,216</u>	<u>6,803,658</u>	<u>7,067,482</u>

There is a charge over the company's land and buildings.

A cross guarantee and debenture between Tratos and its fellow group companies also exists.

Bank overdrafts are secured by means of a fixed and floating charge. The fixed charge is over all fixed assets plus present and future book and other debts. The floating charge is over all movable and intangible assets of the company.

19. PROVISIONS FOR LIABILITIES

	Group		Company	
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Deferred tax				
Accelerated capital allowances	522,188	458,024	519,682	456,068
	<u>522,188</u>	<u>458,024</u>	<u>519,682</u>	<u>456,068</u>

Group

	Deferred tax £
Balance at 1 January 2017	458,024
Provided during year	64,164
Balance at 31 December 2017	<u>522,188</u>

TRATOS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2017

19. PROVISIONS FOR LIABILITIES - continued

Company

	Deferred tax £
Balance at 1 January 2017	456,068
Provided during year	63,614
	<u>519,682</u>
Balance at 31 December 2017	<u>519,682</u>

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.17 £	31.12.16 £
1,500,080	Ordinary A	£1	1,500,080	1,500,080
32	Ordinary B	£1	-	-
2,500,000	Ordinary C	£1	2,500,000	2,500,000
			<u>4,000,080</u>	<u>4,000,080</u>

21. RESERVES

Group

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 January 2017	1,209,931	32	1,209,963
Deficit for the year	(63,105)		(63,105)
	<u>1,146,826</u>	<u>32</u>	<u>1,146,858</u>
At 31 December 2017	<u>1,146,826</u>	<u>32</u>	<u>1,146,858</u>

Company

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 January 2017	1,063,331	32	1,063,363
Profit for the year	81,658		81,658
	<u>1,144,989</u>	<u>32</u>	<u>1,145,021</u>
At 31 December 2017	<u>1,144,989</u>	<u>32</u>	<u>1,145,021</u>

TRATOS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2017

21. RESERVES - continued

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

Capital redemption reserve, this reserve records the nominal value of shares repurchased by the company.

Profit and loss account includes all current and prior period retained profits and losses.

22. ULTIMATE PARENT COMPANY

Tratos Srl (incorporated in Italy) is regarded by the directors as being the company's ultimate parent company.

The parents registered office is:
Via Stadio, 2 - Pieve Santo Stefano (AR)
52036 -Italy

23. CAPITAL COMMITMENTS

	31.12.17	31.12.16
	£	£
Contracted but not provided for in the financial statements	<u>300,000</u>	<u>300,000</u>

The commitment is for the ongoing development of the Knowsley and Randles Road site.

24. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

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

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

	31.12.17	31.12.16
	£	£
Sales	2,168,516	1,307,915
Purchases	16,771,814	10,365,568
Machinery	1,606,577	1,530,000
Bank charges and loan interest	47,510	55,505
Amount due to related party	<u>15,514,865</u>	<u>12,081,535</u>

25. ULTIMATE CONTROLLING PARTY

The controlling party is Dr A Bragagni.

TRATOS (UK) LIMITED

CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2017

	31.12.17		31.12.16	
	£	£	£	£
Sales		19,175,439		25,875,067
Cost of sales				
Opening stock and work in progress	3,905,418		3,750,177	
Opening work in progress	95,120		175,380	
Purchases	15,682,249		20,745,480	
Packaging and drums	201,324		172,847	
Customs, transport and delivery	358,820		302,438	
Wages and agency staff	545,887		455,443	
Social security	75,314		58,624	
	<u>20,864,132</u>		<u>25,660,389</u>	
Closing stock and work in progress	(6,083,629)		(3,905,418)	
Closing work in progress	(176,656)		(95,120)	
	<u>14,603,847</u>		<u>21,659,851</u>	
GROSS PROFIT		4,571,592		4,215,216
Other income				
Exchange gains		(165,721)		(175,656)
		<u>4,405,871</u>		<u>4,039,560</u>
Expenditure				
Rent and rates	292,749		253,601	
Insurance	131,979		141,744	
Light and heat	81,617		68,542	
Grant release	(317,633)		(368,115)	
Directors' salaries	137,850		106,838	
Directors' social security	14,402		11,484	
Directors' pension contributions	50,689		39,155	
Wages	984,099		911,378	
Social security	92,017		83,527	
Pensions	65,727		49,222	
Telephone	54,886		38,978	
Post and stationery	198,219		116,702	
Advertising	115,112		92,137	
Motor and travelling expenses	517,129		387,142	
Leasing and equipment hire	64,449		65,877	
Repairs and renewals	35,970		50,812	
Computer costs	48,535		32,019	
Sundry expenses	316,383		165,240	
Licence fees	77,965		65,327	
Consultancy fees	326,207		259,492	
Legal and professional fees	308,252		206,330	
Auditors' remuneration	22,774		22,111	
Auditors remuneration other services	3,050		3,643	
Public relations	118,213		-	
Bad debts	-		42,742	
	<u>3,740,640</u>		<u>2,845,928</u>	
Carried forward		665,231		1,193,632

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TRATOS (UK) LIMITED

CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2017

	31.12.17		31.12.16	
	£	£	£	£
Brought forward		665,231		1,193,632
Finance costs				
Bank charges	86,682		91,612	
Invoice discounting charges	53,885		56,978	
Bank interest	1,746		195	
Bank loan interest	164,687		236,804	
Interest on parent company debt	47,510		55,504	
Invoice discounting interest	23,239		16,725	
Hire purchase	425		425	
		<u>378,174</u>		<u>458,243</u>
		287,057		735,389
Depreciation				
Freehold property	139,978		134,496	
Grant release	(345,871)		(288,183)	
Plant and machinery	711,111		467,903	
Fixtures and fittings	15,588		14,337	
Motor vehicles	6,504		7,791	
		<u>527,310</u>		<u>336,344</u>
		(240,253)		399,045
Profit on disposal of fixed assets				
Plant and machinery	250,000		125,000	
Motor vehicles	-		3,969	
		<u>250,000</u>		<u>128,969</u>
NET PROFIT		<u>9,747</u>		<u>528,014</u>

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