

Lymington Precision Engineers Co. Limited

Annual report and financial statements

Registered number 01543828

31 December 2018



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Company Information

The board of directors

Mr M J Barnes
Mr A J Bodenham
Mrs B Foyle

Registered office

59/61 High Street
Rickmansworth
Hertfordshire
WD3 1RH

Auditor

KPMG LLP
Gateway House
Tollgate
Chandlers Ford
SO53 3TG
United Kingdom

Bankers

Lloyds Bank PLC
Ground Floor
10 Gresham Street
London
EC2V 7AE

Strategic report

The directors present their strategic report and financial statements for the year ended 31 December 2018.

Principal Activities and Review of the Business

The principal activity of the company was that of precision engineering.

The company's activities encompass nuclear, electronics, oil & gas and aerospace clients and its ability to produce highly engineered solutions, combined with excellent customer relations, gives an opportunity to expand operations into other high technology sectors.

The Board has considered the greatly improved performance during the year with regard to key performance indicators, as set out in the table below:-

	Year ended 31 December 2018 £000's	Year ended 31 December 2017 £000's	% Change
Turnover	36,163	26,633	35.8%
Gross profit	9,413	6,697	40.6%
Gross profit margin (%)	26.0%	25.1%	0.9%
Profit/(Loss) before tax	3,059	1,205	153.9%

The company maintained its continual investment in people and equipment. The company's investment in the Enterprise Resource Management (ERP) system, has enabled the company to better understand costs, increase customer service levels and maintain a good control environment. These systems continue to be developed and in October 2018 it was successfully upgraded to IFS Apps 9.

The company monitors its trade debtors and creditors on a monthly basis. The company also reports its cash position on a weekly cycle and projects the cash requirement forward for three months. The company has an ongoing programme of visiting its suppliers and sourcing new suppliers to ensure that it is not reliant on a single source of supply.

Forecasts show that the business will remain profitable and cash positive and the directors have a reasonable expectation that the company has the support of its ultimate parent company, which continues to follow a strategy that supports the diversification of their portfolio and so has adequate resources to continue in operation for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Results and dividend

The profit for the year, after taxation, amounted to £2,975,000 (2017: £1,276,000). There were no dividends declared and paid in year (2017: £Nil).

Financial instruments

The company holds financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

Strategic report *(continued)*

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

Credit Risk

The company monitors credit risk closely and considers that its current policy of credit checks meets its objectives of managing exposure to credit risk.

The company has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Pricing policies are reviewed regularly and where appropriate, sales are covered with inflation clauses, to protect the company, in the event that raw material price increases. The Directors have extensively reviewed liquidity and cash flow risks and conclude that adequate safeguards are in place, in the normal run of business.

By order of the board



M Barnes
Director

May 13th, 2019

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2018.

Directors

The directors who held office during the year were as follows:

Mr M J Barnes
Mr A J Bodenham
Mrs B Foyle

Political and charitable contributions

During the year the company made the following charitable contributions:

	31 December 2018 £	31 December 2017 £
Education	300	300
Health	6,700	6,600
Local community and other	400	440
	<hr/>	<hr/>
	7,400	7,340
	<hr/>	<hr/>

Research and development activities

The group is committed to research and development activities in order to secure its position in the market.

Policy on payment of creditors

The group's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Employees

The Company recognises the benefits of keeping employees informed of the progress of the business. During the year the employees were regularly provided with information regarding the financial and economic factors affecting the performance of the Company and on other matters of concern to them as employees, through half-yearly meetings that all employees attended. These meetings allow communication of the views of employees to be taken into account in making decisions which are likely to affect their interests.

The Company's policy with regard to the employment of disabled persons is that equal consideration is given to all applications from both able and disabled persons, subject only to the overriding consideration of safety. The special needs of disabled employees for training and advancement are kept under review.

Going concern

The directors have received confirmation of the intention to provide financial support and of access to the cash pooling arrangement which contains a group overdraft facility, should the need arise, for at least 12 months from the date of signing these accounts, from the ultimate parent undertaking. Accordingly, the company has adopted the Going Concern basis of accounting in preparing the financial statements.

Directors' report *(continued)*

Post balance sheet events

There were no post balance sheet events

Brexit

The business has no exposure to European customers and consider that the only risk to future business, as a result of Brexit, in whatever form, is an increase in the price of raw materials, originally sourced from the EU. Over time, such a risk can be offset through alternative sourcing and re-quotation of parts to customers.

Auditor

KPMG LLP have indicated their willingness to continue as auditor. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.



M Barnes
Director

May 13th, 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LYMINGTON PRECISION ENGINEERS CO. LIMITED

Opinion

We have audited the financial statements of Lymington Precision Engineers Co. Limited ("the company") for the year ended 31 December 2018 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in Note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the stock provision and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Caroline Griffiths (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Gateway House
Tollgate
Chandlers Ford
SO53 3TG

Date: 17 May 19

Profit and Loss Account and Other Comprehensive Income
For the year ended 31 December 2018

	<i>Note</i>	2018 £'000	2017 £'000
Turnover	2	36,163	26,633
Cost of sales		(26,750)	(19,936)
		<hr/>	<hr/>
Gross profit		9,413	6,697
Administrative expenses		(6,352)	(5,485)
		<hr/>	<hr/>
Operating profit	3	3,061	1,212
Other interest receivable and similar income	6	9	7
Interest payable and similar expenses	7	(11)	(14)
		<hr/>	<hr/>
Profit before taxation		3,059	1,205
Tax on profit (credit)/expense	8	(84)	71
		<hr/>	<hr/>
Profit for the financial year		2,975	1,276
		<hr/> <hr/>	<hr/> <hr/>

The results of the current period all relate to continuing activities.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes from pages 13 to 25 form a part of these financial statements.

Balance Sheet
At 31 December 2018

	<i>Note</i>	31 December 2018	31 December 2017
		£'000	£'000
Fixed assets			
Tangible assets	<i>9</i>	3,645	3,675
Intangible assets	<i>10</i>	227	106
Current assets			
Stocks	<i>11</i>	3,048	3,548
Debtors (including £4m due after more than one year)	<i>12</i>	8,402	4,265
Cash at bank and in hand		-	-
		11,450	7,813
Creditors: amounts falling due within one year	<i>13</i>	(5,990)	(5,055)
Net current assets		5,460	2,758
Total assets less current liabilities		9,332	6,539
Creditors: amounts falling due after more than one year	<i>14</i>	(338)	(520)
Net assets		8,994	6,019
Capital and reserves			
Called up share capital	<i>16</i>	-	-
Profit and loss account		8,994	6,019
Shareholders' funds		8,994	6,019

These financial statements were approved by the board of directors on May13th, 2019 and were signed on its behalf by:



M Barnes
Director
May13th, 2019

Company registered number: 01543828

The notes from pages 13 to 25 form a part of these financial statements.

Statement of changes in equity
For the year ended 31 December 2018

	Called up share capital	Profit & Loss account	Total equity
	£'000	£'000	£'000
Balance at 01 Jan 2018	-	6,019	6,019
Profit for the financial year	-	2,975	2,975
Dividends paid	-	-	-
Balance at 31 December 2018	-	8,994	8,994

	Called up share capital	Profit & Loss account	Total equity
	£'000	£'000	£'000
Balance at 01 Jan 2017	-	4,743	4,743
Profit for the financial year	-	1,276	1,276
Dividends paid	-	-	-
Balance at 31 December 2017	-	6,019	6,019

The notes from pages 13 to 25 form a part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Lymington Precision Engineers Co. Limited (the “Company”) is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company’s ultimate parent undertaking, Senior Plc includes the Company in its consolidated financial statements. The consolidated financial statements of Senior Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address given in Note 18.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Senior Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 19.

Notes *(continued)*

1 Accounting policies *(continued)*

1.1 Going concern

The directors have received confirmation of the intention to provide financial support and of access to the cash pooling arrangement which contains a group overdraft facility, should the need arise, for at least 12 months from the date of signing these accounts, from the ultimate parent undertaking. Accordingly, the company has adopted the Going Concern basis of accounting in preparing the financial statements.

1.2 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.3 IFRS15

The directors have carried out an assessment of the impact of IFRS 15 and no material impact to the revenue recognition policy in the 2018 accounts was identified.

1.4 Tangible fixed assets

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

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 Tangible fixed assets *(continued)*

Depreciation is charged to the profit and loss account on over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Leasehold improvements	Straight line over 10 years or over the remaining life of the lease, whichever is shorter
Plant and machinery	Straight line over 5-10 years, depending on asset
Fixtures, fittings and equipment	Straight line over 2 years for computer equipment or 5 years for office equipment
Motor vehicles	Straight line over 3 years

1.5 Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Provision for stock is made when it is expected that the net realisable value is below the carrying value.

1.7 Impairment excluding stocks, and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

1.7 Impairment excluding stocks, and deferred tax assets *(continued)*

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

1.8 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.9 Turnover

The turnover shown in the profit and loss account represents goods and services sold in the year, exclusive of Value Added Tax. Turnover is recognised where goods have been dispatched from the company's premises, as the invoice terms are ex-works.

1.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. The main rate of corporation tax for UK companies reduced from 20% to 19% from 1 April 2017. Finance Bill 2016, which was substantively enacted on 15 September 2016, announced a further 2% to 17% from 1 April 2020. Deferred tax has therefore been calculated at a rate of 17%.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.11 Share based payment transactions

Where the Company's parent grants rights to its equity instruments to the Group's or the Company's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the Group or the Company as the case may be account for these share-based payments as equity-settled.

The share save scheme allows employees to acquire shares in Senior plc, the company's ultimate parent company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity in the ultimate parent company's accounts. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. A charge of £31k (period ended December 17 £31k) from Senior Plc is recognised in the P&L account within this Company.

Notes *(continued)*

2 Turnover

	2018 £'000	2017 £'000
United Kingdom	32,382	26,578
Rest of World	3,781	55
	<hr/>	<hr/>
Total turnover	36,163	26,633
	<hr/>	<hr/>

Under our terms and conditions of trade, the obligations to fulfil customer orders are satisfied on delivery of the goods. We recognise income on the same basis.

3 Expenses and auditor's remuneration

Included in profit are the following:

	2018 £000	2017 £000
Depreciation and other amounts written off tangible fixed assets		
Owned	443	607
Leased	279	279
(Profit) / Loss on disposal of fixed assets	-	1
Amortisation of intangible fixed assets	39	10
Operating leases/ rental:		
Property	639	617
Other	150	149
Research and development expensed as incurred		
Foreign Exchange Loss	7	1
	<hr/>	<hr/>

Auditor's remuneration:

	2018 £000	2017 £000
Audit of these financial statements	22	22
Amounts receivable by the company's auditor and its associates in respect of:		
Other services related to tax	5	10
Other services	-	5
	<hr/>	<hr/>

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2018	2017
Productive Staff	148	142
Administrative staff	38	32
	<hr/>	<hr/>
	186	174
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£000	£000
Wages and salaries	7,277	6,404
Social security costs	784	641
Other pension costs	359	335
	<hr/>	<hr/>
	8,420	7,380
	<hr/>	<hr/>

5 Directors' remuneration

	2018	2017
	£000	£000
Directors' remuneration	279	174
Company contributions to money purchase pension plans	24	24
	<hr/>	<hr/>
	303	198
	<hr/>	<hr/>

The aggregate of emoluments in the period of the highest paid director was £303,000 (2017: £198,000), and Company pension contributions of £24,000 (2017: £24,000) were made to a money purchase scheme on his behalf.

Directors, Bindi Foyle and A. J Bodenham, were not remunerated by the Company for their services. They are paid by another entity within the Group and it is not considered practicable to split their services between entities.

Notes *(continued)*

6 Other interest receivable and similar income

	2018 £000	2017 £000
Total other interest receivable	9	7
	<u> </u>	<u> </u>

7 Interest payable and similar charges

	2018 £000	2017 £000
Finance charges	11	14
Other similar charges payable	-	-
	<u> </u>	<u> </u>
Total interest payable and similar charges	11	14
	<u> </u>	<u> </u>

Notes (continued)

8 Taxation

Recognised in the profit and loss account

	2018 £'000	2017 £'000
<i>UK corporation tax</i>		
Current tax on income for the period	-	2
Adjustments in respect of prior periods	3	-
	<hr/>	<hr/>
Total current tax	3	2
	<hr/>	<hr/>
<i>Deferred tax (see note 15)</i>		
Origination and reversal of temporary differences	103	(73)
Adjustment in respect of prior period	(22)	-
Effect of change in tax rate	-	-
	<hr/>	<hr/>
Total deferred tax	81	(73)
	<hr/>	<hr/>
Tax on profit/(credit) on ordinary activities	84	(71)

Reconciliation of effective tax rate

	2018 £000	2017 £000
Profit for the year	2,975	1,276
Total tax expense/(credit)	84	(71)
	<hr/>	<hr/>
Profit excluding taxation	3,059	1,205
Tax using the UK corporation tax rate of 19% (2017: 19.25%)	581	232
Effects of:		
Fixed asset differences	95	-
Expenses not deductible for tax purposes	3	25
Group relief for nil consideration	(573)	(255)
Adjustments to tax charge in respect of previous periods	(22)	-
Other short term timing differences		
Deferred tax	-	(73)
	<hr/>	<hr/>
Total tax expense/(credit)	84	(71)
	<hr/>	<hr/>

Notes (continued)

9 Tangible fixed assets

	Land and buildings £'000	Plant and equipment £'000	Fixtures & fittings £'000	Motor Vehicles £'000	Total £'000
Cost					
Balance at 31 December 2017	1,085	17,338	541	35	18,999
Additions	44	608	40	-	692
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	1,129	17,947	581	35	19,691
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment					
At 31 December 2017	687	14,163	442	32	15,324
Depreciation charge for the year	77	597	45	3	722
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	764	14,760	487	35	16,046
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 December 2017	398	3,175	99	3	3,675
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	365	3,186	94	-	3,645
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of land and buildings comprises:

	2018 £'000	2017 £'000
Long leasehold	365	398
	<hr/>	<hr/>

Notes *(continued)*

10 Intangible fixed assets

	31 December 2018
	Software
	£'000
Cost	
Balance at 31 December 2017	708
Additions	160
	<hr/>
Balance at 31 December 2018	868
	<hr/> <hr/>
Amortisation and impairment	
At 31 December 2017	602
Amortisation charge for the year	39
	<hr/>
At 31 December 2018	641
	<hr/> <hr/>
Net book value	
At 31 December 2017	106
	<hr/>
At 31 December 2018	227
	<hr/> <hr/>

Notes *(continued)*

11 Stocks

	2018	2017
	£'000	£'000
Raw materials and consumables	512	634
Work in progress	2,107	2,614
Finished goods	2,741	3,445
Provision	(2,312)	(3,145)
	<hr/> 3,048 <hr/>	<hr/> 3,548 <hr/>

For the year ended 31 December 2018, £18,638k was charged through cost of sales (31 December 2017: £13,075k)

For the year ended 31 December 2018, £727k was written off through the P&L (31 December 2017: £155k)

12 Debtors

	2018	2017
	£'000	£'000
Trade debtors	3,683	3,598
Amounts owed by group undertakings	4,006	-
Prepayments	410	388
Deferred tax asset	-	75
Corporation tax	303	204
	<hr/> 8,402 <hr/>	<hr/> 4,265 <hr/>

13 Creditors: amounts falling due within one year

	2018	2017
	£'000	£'000
Hire purchase agreements	159	279
Bank overdraft	198	105
Trade creditors	2,045	1,778
Amounts owed to group undertakings	-	76
Deferred tax	6	-
Other taxation and social security	871	947
Accruals	2,711	1,870
	<hr/> 5,990 <hr/>	<hr/> 5,055 <hr/>

Security

The hire purchase agreements are secured on the assets concerned.

The Company is part of a banking group with other Group companies under which the cash held by one entity in the Group can be offset against overdrafts in another Group company. The total overdraft limit across the Group under this facility is £20m.

Notes (continued)

14 Creditors: amounts falling due after more than one year

	2018 £'000	2017 £'000
Accruals	326	342
Obligations under finance leases and hire purchase contracts	12	178
	<u>338</u>	<u>520</u>

Lease payments are all due in less than 5 years.

15 Deferred Taxation

	2018 £'000	2017 £'000
At beginning of year	(75)	(2)
Charge/ (credit) to the P&L	81	(73)
	<u>6</u>	<u>(75)</u>

The deferred tax liability is shown within Creditors (Note 13) and relates to timing differences between tax and accounting written down values of fixed assets.

16 Capital and reserves

Share capital

	2018 £	2017 £
<i>Allotted, called up and fully paid</i>		
100 Ordinary shares of £ 1each	<u>100</u>	<u>100</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes (continued)

17 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	31 December 2018		31 December 2017	
	Land and Buildings	Other	Land and Buildings	Other
	£	£	£'000	£'000
Within one year	640	234	640	122
Between one and two years	640	67	640	85
In the second to fifth years inclusive	1,929	26	1,926	46
Over five years	1,203	-	1,884	-
	<u>4,412</u>	<u>327</u>	<u>5,090</u>	<u>253</u>

During the year £ 789,000 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £766,000).

18 Ultimate parent company and controlling company

The Company immediate parent company is Lymington Precision Engineering (LPE) Limited which owns the entire issued share capital of the company.

The ultimate parent company, and the smallest and largest Group in which these results are consolidated, is Senior Plc, a company registered in England & Wales. The accounts of Senior Plc are available to the public and can be obtained from 59/61 High Street, Rickmansworth, Hertfordshire, WD3 1RH.

19 Estimates and Judgements

Key sources of estimation uncertainty

The amount of material estimations to the Company or financial information are limited, however key areas are:

Stock

Although LPE makes to customer order only, the need for some spare product in the production process can lead to excess stock. This excess stock is provisioned against according to future demand; all items not having an associated customer order, are provided against 100%. The only other possible outcome is that these goods are ordered by a customer in the future, in which case the provision will be written back to the profit and loss account. Stock write offs have been disclosed in Note 11.

Warranty, Quality & Late Delivery

Provisions against possible claims have been maintained at historic levels, and are in accordance with managements' best estimates.