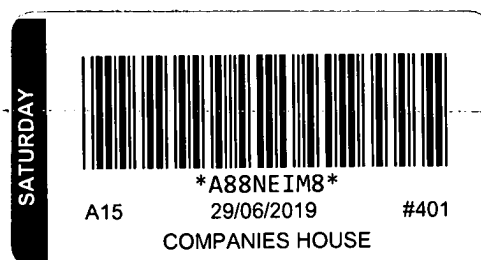


LOWMAN MANUFACTURING COMPANY LIMITED

REPORTS and FINANCIAL STATEMENTS for the year ended 31 December 2018



Lowman Manufacturing Company Limited

Company number 1784930

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Lowman Manufacturing Company Ltd will be held at 11 am on Monday 22 July 2019 at The Island, Lowman Green, Tiverton, Devon.

The business of the meeting will be:

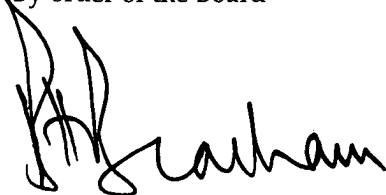
- 1 To consider and adopt the Directors' report and the financial statements for the year ended 31 December 2018.
- 2 To re-elect the following directors:

Mr WF Heathcoat Amory
Mr BH Beacham

Any member of the company entitled to attend and vote at this meeting is also entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member.

The register of directors' shareholdings will be available for inspection from 15 minutes before the meeting until 15 minutes after.

By order of the Board



B H BEACHAM

Secretary

The Island
Lowman Green
Tiverton
Devon EX16 4LA

24 June 2019

Lowman Manufacturing Company Limited

Chairman's Report

I am pleased to report that in the last few days we have received a proposed date from Lidl for the exercise of the option they took in 2018, to buy a parcel of our industrial land. They are preparing to build a store that will provide a long-term enhancement of the value of our remaining land, currently occupied by MST. The anticipated sale will therefore be reflected in the results for 2019, to be reported in a year's time.


Other events in the year were not so propitious. The fall-back by the investment markets in the last part of 2018 hit the value of our investment holdings by £123,000 and also affected those of the Lowman Pension Scheme, which the company effectively underwrites. These are of course long term holdings and we are relieved to have seen an improvement in values since the year end, but we have to reflect the impact for the year directly in the profit and loss account in respect of the company's holdings, and on the same page in the limited actuarial net gain on the pension scheme.

In addition the pension scheme is affected - as are all similar pension schemes - by a court decision late in 2018 on the equalisation between the sexes of some benefits earned in the 1990s. The immediate effect is the need to make a provision for the extra cost and there is a £267,000 charge in Administrative expenses for that.

I am pleased to report that our investment in Sichel produced a higher dividend than in many recent years, with the expectation of another later this year.

We commissioned a professional revaluation of our housing stock, which is slowly being sold down as single houses become vacant, and the result is reflected prudently in the balance sheet as a modest increase in the carrying value of the houses. We have also informally valued the land and buildings currently let to our commercial tenants; up to now they have been carried on the balance sheet at their original costs but as we are no longer an industrial group we now treat the let properties as investments. The changes in carrying values are passed through the profit and loss account.

On the whole the disappointing loss for the year (before crediting the changes in property values) is, I believe, not something to cause great alarm, and the directors remain confident that the company has a good asset base for generating future returns.



IH AMORY

Lowman Manufacturing Company Limited

Directors' Report

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

ACTIVITIES

The principal activity of the company is the management of portfolios of residential and commercial properties and investments.

A review of the company's activities is given in the Chairman's report.

The directors are of the opinion that the company's non-investment freehold land and buildings are worth an amount significantly in excess of their net book value.

RESULTS AND DIVIDEND

	2018	2017
	£'000	£'000
The profit for the year after taxation was:	614	116
No dividends were paid in the year or the previous year		
Amount transferred to reserves	614	116

The directors will not propose a dividend at the Annual General Meeting.

DIRECTORS

The directors in the year and since are as follows:

Sir Ian Heathcoat Amory, Bt (Chairman)

DP Heathcoat Amory

WF Heathcoat Amory

BH Beacham

CHARITABLE AND POLITICAL DONATIONS

Charitable donations of £600 (2017: £600) to local organisations were made in the year.

SMALL COMPANIES PROVISION STATEMENT

This report has been prepared in accordance with the special provisions relating to companies subject to the Small Companies regime within Part 15 of the Companies Act 2006.

Lowman Manufacturing Company Limited

Directors' Report (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE REPORTS AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Reports 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 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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:

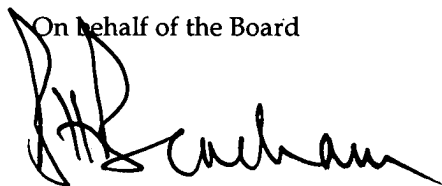
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess 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.

DISCLOSURE OF INFORMATION TO THE 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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the Board



B H BEACHAM

Secretary

24 June 2019

Independent Auditor's Report to the members of Lowman Manufacturing Company Limited

Opinion

We have audited the financial statements of Lowman Manufacturing Company Limited (the 'company') for the year ended 31 December 2018, which comprise the Profit and Loss Account, Statement of Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Independent Auditor's Report to the members of Lowman Manufacturing Company Limited

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report and the Chairman's report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

PKF Francis Clark
SEAN GRINSTED

Senior Statutory Auditor

PKF Francis Clark, Statutory Auditor

Centenary House
Peninsula Park
Rydon Lane
Exeter EX2 7XE

24 June 2019

Lowman Manufacturing Company Limited

Profit and Loss Account Year ended 31 December 2018


	Note	2018 £'000	2017 £'000
TURNOVER		614	687
COST OF SALES		(495)	(467)
GROSS PROFIT		119	220
Administrative expenses - Other		(603)	(336)
		(484)	(116)
Gains on investment properties		1,089	71
Gains/(losses) on fixed asset investments		(70)	159
Income from fixed asset investments		95	74
Other interest receivable		1	1
Interest payable	1	(17)	(73)
PROFIT BEFORE TAXATION	1	614	116
Tax on result	2	-	-
PROFIT FOR THE FINANCIAL YEAR		614	116
OTHER COMPREHENSIVE INCOME			
Profit for the financial year		614	116
Actuarial gain in the defined benefit pension scheme	14	120	1,751
Total comprehensive income for the financial year		734	1,867

Lowman Manufacturing Company Limited

Balance Sheet 31 December 2018

		2018		2017	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	6		6,557		5,693
Investments	7		1,556		1,868
			<u>8,113</u>		<u>7,561</u>
CURRENT ASSETS					
Debtors	8	236		215	
Bank		<u>397</u>		<u>392</u>	
		633		607	
CREDITORS (amounts falling due within one year)	9	<u>(45)</u>		<u>(65)</u>	
NET CURRENT ASSETS			588		542
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,701</u>		<u>8,103</u>
PENSION LIABILITIES	14		<u>(658)</u>		<u>(794)</u>
NET ASSETS AFTER PENSION LIABILITIES			<u>8,043</u>		<u>7,309</u>
CAPITAL AND RESERVES					
Called up share capital	13		2,696		2,696
Share premium account			2,524		2,524
Profit and loss account			<u>2,823</u>		<u>2,089</u>
EQUITY SHAREHOLDERS' FUNDS			<u>8,043</u>		<u>7,309</u>

These financial statements were approved by the Board of Directors on 24 June 2019 and were signed on its behalf by



I H AMORY

Director

Company registered number: 1784930

Lowman Manufacturing Company Limited

Statement of Changes in Equity Year ended 31 December 2018

	Total shareholders' funds	Share capital and premium	Profit & loss account - Unrealised	Profit & loss account - Realised
Current year:	£'000	£'000	£'000	£'000
At 1 January 2018	7,309	5,220	3,480	(1,391)
Total comprehensive income for the year:				
Profit for the financial year	614			614
Dividends paid	-			-
Surplus for the year	614			614
Surplus on revaluation of property:				
Realisation of surplus on disposals			(43)	43
Transfer year's surplus to unrealised reserves			977	(977)
Surplus on revaluation of investments:				
Realisation of surplus on disposals			(37)	37
Transfer year's deficit to unrealised reserves			(123)	123
Other comprehensive income:				
Actuarial gain on assets and liabilities in the pension scheme	120			120
Total comprehensive income for the year	734	-	774	(40)
At 31 December 2018	8,043	5,220	4,254	(1,431)
Merged Profit and Loss Account under FRS102				2,823
Previous year:				
At 1 January 2017	5,442	5,220	3,427	(3,205)
Total comprehensive income for the year:				
Profit for the financial year	116			116
Dividends paid	-			-
Surplus for the year	116			116
Surplus on revaluation of property:				
Realisation of surplus on disposals			(45)	45
Transfer year's surplus to unrealised reserves			-	-
Surplus on revaluation of investments:				
Realisation of surplus on disposals			(53)	53
Transfer year's surplus to unrealised reserves			151	(151)
Other comprehensive income:				
Actuarial gain on assets and liabilities in the pension scheme	1,751			1,751
Total comprehensive income for the year	1,867	-	53	1,814
At 31 December 2017	7,309	5,220	3,480	(1,391)
Merged Profit and Loss Account under FRS102				2,089

Lowman Manufacturing Company Limited

Cash Flow Statement Year ended 31 December 2018

	2018		2017	
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
Profit for the year		614		116
Adjustments to remove non-cash and non-operating items:				
Depreciation charges		104		108
(Profit)/Loss on sale of tangible fixed assets		(112)		(71)
(Increase) in value of investment properties		(977)		-
(Profit)/Loss on sale of fixed asset investments		(53)		(8)
Decrease/(Increase) in value of fixed asset investments		123		(151)
(Income) from fixed asset investments		(95)		(74)
Provisions made / (released) less sums paid		-		-
Interest received		(1)		(1)
Interest payable and finance charges and (credits)		17		73
Service cost of pensions, less contributions made		(33)		(300)
Income and corporation tax received/(paid)		-		-
		(413)		(308)
(Increase) / decrease in debtors		(21)		33
Increase / (decrease) in creditors		(20)		(8)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		(454)		(283)
Cash flows from investing activities				
Receipts from sales of tangible fixed assets	171		127	
Receipts from sales of investments	428		417	
Income from fixed asset investments	95		74	
Interest received	1		1	
Interest paid	-		-	
Payments to acquire owned tangible fixed assets	(50)		(21)	
Payments to acquire investments	(186)		(564)	
NET CASH FROM INVESTING ACTIVITIES		459		34
EQUITY DIVIDENDS PAID		-		-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5		(249)
Cash and cash equivalents at the start of the year		392		641
Cash and cash equivalents at the end of the year		397		392

Lowman Manufacturing Company Limited

Accounting Policies 31 December 2018

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

General information

The company is a private limited company incorporated in England and Wales. The address of its registered office and principal place of business is The Island, Lowman Green, Tiverton, EX16 4LA.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard" applicable in the UK and Republic of Ireland ("FRS102") issued in 2015, together with the amendments to FRS102 issued in 2016. The presentation currency of these financial statements is sterling.

The company is not required to prepare consolidated financial statements as its subsidiaries are dormant.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and thus have continued to adopt the going concern basis in the preparation of these financial statements.

Turnover

Turnover represents amounts derived from goods and services provided to customers in the year, including rental income.

Tangible fixed assets

Freehold residential investment properties and freehold commercial properties are stated at the directors' valuation of the properties on the basis of the open market value of the let estate in its current use and condition. Other fixed assets are stated at cost to the company.

Provision is made for depreciation of fixed assets in use for the company's operations, whether owned, hire purchased or leased, at rates which the directors consider will provide fairly for the diminution in the value of the assets over their following anticipated useful lives or the lease period of leased assets if shorter:

Freehold buildings	20 years, made in equal instalments
Plant and machinery	between 3 and 10 years, made in equal instalments

Investments held as fixed assets

Investments in equity instruments and bonds are measured initially at the transaction price. Subsequent to initial recognition investments that can be measured reliably are measured at fair value. The fair values of listed investments are the quoted bid prices. The fair values of unlisted investments are the market prices where sufficient evidence is available to substantiate them, otherwise they are valued at the cost of the investment less any impairment. Changes in value are recognised in profit and loss.

Investment income is accounted for when received. Profit before taxation includes the surplus of proceeds on disposal over the value at which an investment was carried in the last balance sheet.

Shares in group companies are stated at the nominal value of the shares issued as consideration for the acquisition of the subsidiaries, or the net amount paid in cash to acquire the shares, less amounts required to reflect any impairment of value.

Cash and cash instruments consist of bank balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purposes only of the cash flow statement.

Lowman Manufacturing Company Limited

Accounting Policies 31 December 2018

Trade and other debtors and creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Impairment of financial assets

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.

Each impairment loss recognised in prior periods is assessed at each reporting date for indications that the loss has decreased or no longer exists because the reasons for the impairment have ceased to apply but is reversed only to the extent that the asset's carrying amount does not then exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS102.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered trust. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The company also operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held in trust separately from those of the company. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method discounted at the current rate of return on a high quality corporate bond of equivalent term and currency of the liability.

Any resulting pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus or deficit is split between operating charges, finance items and, in the statement of total comprehensive income, actuarial gains and losses.

Lowman Manufacturing Company Limited

Notes to the Financial Statements 31 December 2018

1	PROFIT/(LOSS) BEFORE TAXATION	2018	2017
	The profit/(loss) is stated after (charging)/crediting:	£'000	£'000
	Depreciation of owned fixed assets	(104)	(108)
	Auditors' remuneration for the company	(8)	(8)
	Income from listed investments	24	23
	Provision for GMP Equalisation in the Lowman Pension Scheme	(267)	-
	Interest payable consists of:		
	Interest payable to banks	-	-
	Other finance charges: Notional interest under FRS102:		
	Interest on pension scheme assets	349	350
	Interest on pension scheme liabilities	(366)	(423)
	Total interest payable and similar charges	(17)	(73)
2	TAX ON RESULTS ON ORDINARY ACTIVITIES	2018	2017
		£'000	£'000
	Corporation tax on income for the year	-	-
	Deferred tax: Origination and reversal of timing differences	-	-
		-	-
	The current tax charge for the year is lower (2017: lower) than the standard rate of corporation tax in the UK of 19% (2017: 19%). The differences are explained below:		
	Profit/(loss) on ordinary activities before taxation	614	116
	Tax at the UK corporation tax rate of 19% (2017: 19%)	117	22
	The effects of:		
	Timing differences in treatments of depreciation and provisions	18	17
	Timing differences in the recognition of investment values	(147)	(19)
	Income and expense excluded for tax purposes	18	(24)
	Creation/(utilisation) of tax losses	48	47
	Pension scheme charges introduced under FRS102	(54)	(43)
	Total tax expense included in Profit for the Financial Year	-	-
3	EMPLOYMENT COSTS	2018	2017
	Average number of employees, including part time staff and directors	10	10
	Employee costs:	£'000	£'000
	Wages and salaries	165	156
	Social security costs	18	14
	Other pension costs	4	4
		187	174
	Directors' emoluments:	£'000	£'000
	Total, excluding pension contributions	141	133
	Emoluments of the highest-paid director	115	111
	No directors benefited from contributions to pension schemes in the year or the previous year.		

Lowman Manufacturing Company Limited

Notes to the Financial Statements 31 December 2018

4 DIVIDENDS

No dividends were paid in the year or the previous year.

5 OPERATING LEASES

The investment properties are let under operating leases.

The following are the future minimum lease payments receivable under non-cancellable leases:

	2018	2017
Receivable in:	£'000	£'000
Less than one year	588	587
One to five years	253	814
More than five years	-	26
	<u>841</u>	<u>1,427</u>

6 TANGIBLE FIXED ASSETS

	Land and buildings		Equipment and vehicles	Total
	Freehold investments	Commercial freeholds		
	at valuation £'000	at cost £'000	at cost £'000	£'000
Cost or valuation				
At 1 January 2018	4,288	3,146	102	7,536
Additions	50	-	-	50
Transfers between classes	896	(1,971)	-	(1,075)
Disposals	(59)	-	-	(59)
Revaluation in year	977	-	-	977
At 31 December 2018	<u>6,152</u>	<u>1,175</u>	<u>102</u>	<u>7,429</u>
Accumulated depreciation				
At 1 January 2018	-	1,754	89	1,843
Charge for the year	-	100	4	104
Transfers between classes	-	(1,075)	-	(1,075)
Disposals	-	-	-	-
At 31 December 2018	<u>-</u>	<u>779</u>	<u>93</u>	<u>872</u>
Net book amount				
At 31 December 2017	<u>4,288</u>	<u>1,392</u>	<u>13</u>	<u>5,693</u>
At 31 December 2018	<u>6,152</u>	<u>396</u>	<u>9</u>	<u>6,557</u>

All tangible fixed assets are owned.

The investment properties stated at the directors' valuation of £6,152,000 have an aggregate cost of £2,175,000 (2017: £1,244,000). Commercial freeholds include land at a cost of £363,000 (2017: £363,000) which is not depreciated.

The basis of valuation of the residential investments is the open market value of the individual properties discounted by 50% to reflect the tenancies to which they are subject. Open market valuations as at the balance sheet date are based on advice from professional valuers.

The basis of valuation of the commercial properties is the expected rental income capitalised at an appropriate discount rate.

Lowman Manufacturing Company Limited

Notes to the Financial Statements 31 December 2018

7 INVESTMENTS

	2018	2017
	£'000	£'000
Shares in group companies	-	-
Other investments	1,556	1,868
	<u>1,556</u>	<u>1,868</u>

Shares in Group Undertakings

All group undertakings are wholly owned companies incorporated in the United Kingdom, registered in England and held directly by the company. The subsidiaries, all of which are dormant and with a registered office the same as that of the company, are

LG Investments Limited
Lowman Financing Limited

LG Island (1) Limited
LG Island (2) Limited

Other Investments		2018		2017	
		Cost	Fair Value	Cost	Fair Value
		£'000	£'000	£'000	£'000
Listed:	UK	1,138	1,288	1,124	1,434
	Overseas	61	68	69	79
Unlisted		80	200	238	355
		<u>1,279</u>	<u>1,556</u>	<u>1,431</u>	<u>1,868</u>

The movements in the year were disposals of investments which cost £338,000 and acquisitions totalling £186,000.

The fair values of listed investments are the quoted bid prices. The fair values of unlisted investments are the market prices where sufficient evidence is available to substantiate them, otherwise the cost of the investment less any impairment.

8 DEBTORS

	2018	2017
	£'000	£'000
Other debtors	204	183
Prepayments and deferred expenses	32	32
	<u>236</u>	<u>215</u>

9 CREDITORS

	2018	2017
	£'000	£'000
Amounts falling due within one year:		
Non-corporate taxation and social security	25	37
Other creditors	12	9
Accruals and deferred income	8	19
	<u>45</u>	<u>65</u>

Lowman Manufacturing Company Limited

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10 DEFERRED TAXATION

The taxation liabilities deferred by timing differences in the treatment of gains, and the values of the tax assets represented by losses available to set against them, are as follow:

	Assets		Liabilities	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Gains on revaluation of investment property			355	240
Gains on revaluation of monetary investments			18	17
	-	-	373	257
Losses brought forward from previous years	1,088	1,161		
At the end of the year	1,088	1,161	373	257

The net deferred tax asset after utilisation against liabilities as above is £715,000 (2017: £904,000) being losses at 17% (2017: 19%). No amounts have been recognised in respect of this net asset as its recovery is uncertain.

11 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2018 and 2017 the company had no capital expenditure commitments and no contingent liabilities not provided for.

12 RELATED PARTIES

Mr WF Heathcoat Amory is interested in the contract the company has for the management of its residential properties. The amount paid under this contract in the year were management fees of £61,895 (2017: £62,392) and property repair costs of £234,000 (2017: £184,000). The amount outstanding under this contract at the end of the year was £15,000 (2017: £15,200).

The company provided payroll services incidental to the processing of its own payroll, for no charge save for the full reimbursement of the payroll cost, for staff employed by Sir Ian Amory. The payroll cost passing through in the year was £197,453 (2017: £183,354) and the amount awaiting reimbursement at the year end was £19,816 (2017: £14,290). The benefit arising was trivial.

Mr DP Heathcoat Amory is chairman of the tenant company of a let commercial property. The rent receivable in respect of the property in the year was £37,000 (2017: £37,000) and the amount outstanding at the year end was £1,862 (2017: £1,533).

13 CALLED UP SHARE CAPITAL

	2018		2017	
	Number	£'000	Number	£'000
Ordinary shares of 25p each				
Authorised	12,000,000	3,000	12,000,000	3,000
Allotted and fully paid	10,784,066	2,696	10,784,066	2,696

Lowman Manufacturing Company Limited

Notes to the Financial Statements 31 December 2018

14 PENSION COMMITMENTS

	2018	2017
	£'000	£'000
FRS102 Pension Provision	658	794

The company contributes to the Lowman Pension Scheme. The company has assumed the liabilities of its former subsidiaries and the scheme is wholly accounted for in the company's own balance sheet.

The defined benefits section of this scheme was closed to new members in 1998 and the accrual of service ceased for existing members on 31 March 2004. In this section the scheme provides benefits which include pensions based on sixtieths of pensionable salary and increases typically of 3% to 5% p.a. in pensions in payment.

Contributions to the scheme by the company for the liabilities under the defined benefit arrangements are made by reference to advice given by an independent qualified actuary, which is based on the results of the latest valuation of the scheme.

The latest statutory valuation was as at 1 April 2017. It showed the market value of the scheme's assets to be £12.78m, which was 92% of the liabilities for service at that date.

Lowman Manufacturing Co Ltd, the Principal Employer, and the Trustees of the scheme agreed a recovery plan made by reference to advice given by the actuary, under which the company will continue to make contributions of £300,000 per year to the scheme until June 2021.

The defined contribution section of the scheme, which opened in March 1999 and into which the members formerly accruing service in the defined benefit section transferred, requires contributions from employees of 5% and from the employers of 4.5%. In addition the employers contribute 1% of pensionable pay towards the cost of providing life assurance benefits to all adult employees in service irrespective of membership of the scheme.

The company's contributions to pension schemes in the year are stated in note 3. The amount not yet paid over to the schemes at the year end was £1,907 (2017: £1,919). The investments of the scheme are self-managed by the trustees by way of managed investment funds and unit trusts.

The most recent actuarial valuation was completed as at 31 December 2018 using the FRS102 approach. The main assumptions used in that, and earlier, FRS102 valuations follow. They are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

	2018	2017
Rate of increase in salaries	n/a	n/a
Discount rate	2.9%	2.6%
Inflation assumption	3.2%	3.2%

The rates used in the reports for both 2018 and 2017 for pre-retirement mortality are from the AMC00/ AFC00 tables, and the rates used for post-retirement mortality are from the S2PMA/S2PFA tables, projected by calendar year of birth, using the CMI (Core) 2017 Projection Model (2017: 2016 Model), with a 1% pa (2017: 1%) long term rate of improvement.

Lowman Manufacturing Company Limited

Notes to the Financial Statements 31 December 2018

14 PENSION COMMITMENTS (continued)

Analysis of scheme assets at 31 December	2018	2017
	£'000	£'000
Equities	6,403	7,287
Hedge Funds and Alternatives	3,277	3,643
Corporate Bonds and Property	2,179	1,484
Gilts and Other Bonds	144	135
Cash	633	945
Total fair value of scheme's assets	12,636	13,494
Present value of scheme's liabilities	(13,294)	(14,288)
(Deficit) in the scheme, Net Pension Liability	(658)	(794)

The Scheme's investments are held in unitised insurance and investment funds. The fair value of the Scheme's investments is the aggregate of the quoted bid prices of the units held.

In addition to the assets and liabilities reflected above there are annuities held by the trustees and valued on certain assumptions as at 1 April 2018 at a total of £10.93m securing liabilities to pensioners in payment valued at an equivalent amount.

The above Analysis of the scheme assets shows the fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and are thus inherently uncertain.

Movement in deficit in the year	2018			2017		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	£'000	£'000	£'000	£'000	£'000	£'000
At the beginning of the year	13,494	(14,288)	(794)	12,451	(15,223)	(2,772)
Interest return on assets *	349		349	350		350
Actual less expected return on assets **	(1,101)		(1,101)	610		610
Past service cost		(267)	(267)		-	-
Interest cost on liabilities *		(366)	(366)		(423)	(423)
Gains/(losses) on liabilities **		1,221	1,221		1,141	1,141
Contributions paid	300		300	300		300
Benefits paid and other netting items	(406)	406	-	(217)	217	-
At the end of the year	12,636	(13,294)	(658)	13,494	(14,288)	(794)

Items marked * are recognised in Finance costs in the Profit and Loss Account. Items marked ** are recognised in the Statement of Other Comprehensive Income. Gains and (losses) on liabilities typically arise from experience or from changes in assumptions.

The Trustees of the Lowman Pension Scheme bought annuities in 2011 to secure the benefits payable to the pensioner body at that time and to reduce the mortality risks of the Scheme.

The Past service cost relates to re-measurement for GMP equalisation and has been included within Administrative expenses.