

Mathers Foundry Limited

Registered number: 06699179

Directors' report and financial statements

For the year ended 31 March 2017

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MATHERS FOUNDRY LIMITED

COMPANY INFORMATION

Directors	P Agarwal K K Ganeriwala
Registered number	06699179
Registered office	Park Works Grimshaw Lane Newton Heath Manchester M40 2BA
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor One St. Peter's Square Manchester M2 3DE
Bankers	Barclays Bank Plc 15 Colmore Row Birmingham B3 2EP

MATHERS FOUNDRY LIMITED

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MATHERS FOUNDRY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

Introduction

The principal activity of the company is the production and machining of castings in high grade stainless steels such as Super Duplex, Duplex and other grades including Zeron ® for which the company is the exclusive worldwide producer.

Business review

The company is a wholly-owned subsidiary of Aturia International Pte Limited (formerly WPIL International Pte Limited), a company which is incorporated in Singapore. The ultimate parent undertaking is WPIL Limited, a company incorporated in India. WPIL Limited is one of the leading pump manufacturers in India and is listed on the Mumbai Stock Exchange.

The results for the year can be summarised as follows:

	31 March 2017 £	31 March 2016 £
Turnover	5,155,854	6,173,889
(Loss) before depreciation, interest and exceptional expenses	(1,812,344)	(1,892,229)
Depreciation	(249,558)	(256,801)
Interest	(302,195)	(241,092)
Exceptional redundancy expenses	(28,890)	(339,823)
(Loss) before tax	(2,392,987)	(2,729,945)

Total sales reduced by 13% compared to the previous year due to a continued downturn in the UK and worldwide market for castings especially in the oil and gas industries which form the major part of the company's activities. Whilst these markets continue to remain challenging, the directors maintain the view that this is a temporary situation caused by unsustainably low prices in the energy commodity markets which has led to delays in major exploration projects and oil and gas field investment. In 2017 there was an encouraging rise in oil commodity prices which should lead to an intake in orders as project work is recommenced.

The company has succeeded in securing a number of new customers in the marine application markets and it is hoped that this will complement the company's existing customer base and enable a return to profitability, once investment in the oil and gas industries returns to former levels.

The ultimate parent company has provided substantial funding during the year and since the year end in order to finance the trading losses. During the year, £3 million of the long term intercompany loan was converted into ordinary shares in order to underpin the balance sheet. The directors remain confident that the business environment will continue to improve during the remainder of 2017. In the intervening period, the parent company has agreed to continue to support and finance the company until the improvement takes place.

MATHERS FOUNDRY LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017**

Principal risks and uncertainties

The management continually monitors the key risks facing the business as well as assessing the controls used for managing these risks.

The principal risks and uncertainties facing the company are as follows:

Demand for the company's products

As well as the proprietary Zeron stainless steel alloys, the company can supply castings in a large range of other metals to suit the end user and its ultimate application. The castings are supplied to a variety of companies in power generation, offshore and onshore oil and gas, nuclear industries as well as for general engineering use. These industries are all subject to their own fluctuations in activity and this can have a significant knock on effect on the demand for the company's products. The management is continually monitoring the demand for the products in each of these markets in order to react to the market pressures.

Reliance on key customers

There is a relatively small core group of customers for the company's products but the company is not reliant on any single customer. Management is keen to prevent any over reliance on any single or group of customers and is always seeking to diversify the range of customers by expanding the number of customers supplied in both the home and export markets.

Competitor pressure

The company operates in a very competitive market and is always subject to price pressures when quoting for sales orders. However, despite these pressures, management seeks to avoid taking on contracts at low prices in order to generate work in the foundry.

Reliance on key suppliers

The market for the supply of metals and consumables in the foundry business is very competitive and diverse. There is no reliance on any single supplier for the purchase of metals and in order to prevent such a dependency, the company actively manages purchases by buying from a wide range of suppliers for such products.

Going concern

All of the above risks ultimately will influence the company's ability to remain a going concern. Whilst the parent has indicated a willingness to support the company for at least 12 months from the signing of the financial statements, it must return to profit in the medium term.

MATHERS FOUNDRY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

Financial key performance indicators

Management monitor the performance of the operations of the company compared to budget and forecast.

KPI's monitored on a daily/weekly basis are:

- Production volume and value;
- Sales volume and value;
- Order intake and levels of enquiries;
- Cash headroom; and
- Health and safety performance.

KPI's monitored monthly are the above, and:

- Margin and cash generation;
- Debtor, creditor and stock days;
- Quality (scrap rate);
- On time delivery performance; and
- Overtime and absenteeism rates.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The company does not use derivative financial instruments for speculative purposes.

Cash flow risk

The company is not significantly exposed to the financial risks of the foreign currency exchange rates.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables. The company's credit risk is primarily attributed to trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance is made where there is an identifiable loss event which, based on previous experience, is evidence of a reduction in their recoverability of cash flows. The company has no significant concentration of credit risk, with exposure spread over a large number of customers.

Liquidity risk

The company has funded and intends to continue funding its ongoing operations and future developments through a combination of cash generated from operating activities and where necessary from the parent undertaking.

Price risk

The company is exposed to commodity risk. The company does manage its exposure to commodity price risk where it is considered financially appropriate, presently this is only in respect of metal and energy purchasing.

MATHERS FOUNDRY LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

This report was approved by the board on 23 Mar 2017

and signed on its behalf.


K K Ganeriwala
Director

MATHERS FOUNDRY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

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

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The loss for the year, after taxation, amounted to £2,353,545 (2016 - loss £2,655,702).

No dividends were paid or declared in the year to 31 March 2017 (2016: £Nil).

Directors

The directors who served during the year were:

P Agarwal
K K Ganeriwala

Future developments

The company is exploring new markets for its products to increase sales. In addition the metal refining capability is being offered to third parties in the industry.

MATHERS FOUNDRY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 23 May 2017 and signed on its behalf.


K. K. Baneriwala
Director

MATHERS FOUNDRY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MATHERS FOUNDRY LIMITED

We have audited the financial statements of Mathers Foundry Limited for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its 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.

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

MATHERS FOUNDRY LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MATHERS FOUNDRY LIMITED
(CONTINUED)**

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 Strategic Report and the Directors' Report.

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

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



Neil Barton (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

One St. Peter's Square

Manchester

M2 3DE

Date: 24 May 2017

MATHERS FOUNDRY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 £	2016 £
Turnover		5,155,854	6,173,889
Cost of sales		(5,638,164)	(6,443,973)
Gross loss		<u>(482,310)</u>	<u>(270,084)</u>
Administrative expenses		(1,579,592)	(1,878,946)
Exceptional administrative expenses		(28,890)	(339,823)
Operating loss		<u>(2,090,792)</u>	<u>(2,488,853)</u>
Interest payable and expenses	8	(302,195)	(241,092)
Loss before tax		<u>(2,392,987)</u>	<u>(2,729,945)</u>
Tax on loss	9	39,442	74,243
Loss for the year		<u><u>(2,353,545)</u></u>	<u><u>(2,655,702)</u></u>

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 12 to 26 form part of these financial statements.

MATHERS FOUNDRY LIMITED
REGISTERED NUMBER: 06699179

BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	10	4,543,137	4,792,695
Investments	11	1	1
		<u>4,543,138</u>	<u>4,792,696</u>
Current assets			
Stocks	12	1,295,415	1,338,722
Debtors: amounts falling due within one year	13	1,073,404	1,602,410
Cash at bank and in hand	14	54,043	85,817
		<u>2,422,862</u>	<u>3,026,949</u>
Creditors: amounts falling due within one year	15	(1,488,365)	(1,401,074)
Net current assets		<u>934,497</u>	<u>1,625,875</u>
Total assets less current liabilities		<u>5,477,635</u>	<u>6,418,571</u>
Creditors: amounts falling due after more than one year	16	(5,466,359)	(7,014,308)
Provisions for liabilities			
Deferred tax		(568,643)	(608,085)
		<u>(568,643)</u>	<u>(608,085)</u>
Net assets		<u>(557,367)</u>	<u>(1,203,822)</u>
Capital and reserves			
Called up share capital	20	3,500,000	500,000
Revaluation reserve	21	2,887,046	2,887,046
Profit and loss account	21	(6,944,413)	(4,590,868)
		<u>(557,367)</u>	<u>(1,203,822)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

23 May 2017


K K Ganeriwala
 Director

The notes on pages 12 to 26 form part of these financial statements.

MATHERS FOUNDRY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2015	500,000	2,837,821	(1,885,941)	1,451,880
Comprehensive income for the year				
Loss for the year	-	-	(2,655,702)	(2,655,702)
At 1 April 2016	500,000	2,887,046	(4,590,868)	(1,203,822)
Comprehensive income for the year				
Loss for the year	-	-	(2,353,545)	(2,353,545)
Shares issued during the year	3,000,000	-	-	3,000,000
At 31 March 2016	3,500,000	2,887,046	(6,944,413)	(557,367)

MATHERS FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies

1.1 General information

Mathers Foundry Limited ('the company') is a limited company incorporated in England and Wales. The address of its registered office and principal place of business is:

Park Works
Grimshaw Lane
Newton Heath
Manchester
M40 2BA

The company is a wholly-owned subsidiary of Aturia International Pte Limited (formerly WPIL International Pte Limited), a company which is incorporated in Singapore. The ultimate parent undertaking is WPIL Limited, a company incorporated in India.

The principal activity of the company is is the production and machining of castings in high grade stainless steels such as Super Duplex, Duplex and other grades including Zeron ® for which the company is the exclusive worldwide producer.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical costs convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

These financial statements have been presented in pound sterling which is the functional currency of the Company.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of WPIL Limited as at 31 March 2017 and these financial statements may be obtained from www.wpil.co.in.

MATHERS FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies (continued)

1.4 Going concern

The use of the going concern basis of accounting has been deemed appropriate. The directors are not aware of any material uncertainties or events that may cast significant doubt on the ability of the company to continue as a going concern. Should it be required, management have the support of the ultimate parent company to ensure that liabilities can be met as they fall due.

The directors have rationalised costs and are anticipating an upturn in the market place which will yield a larger order book in the future.

1.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Freehold land	-	No depreciation
Freehold buildings	-	25 - 50 years
Plant & machinery	-	4 - 20 years
Motor vehicles	-	4 years

MATHERS FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies (continued)

Fixtures and fittings - 4 - 20 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

1.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a standard cost basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.11 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised

MATHERS FOUNDRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. Accounting policies (continued)**1.11 Financial instruments (continued)**

cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.13 Foreign currency translation**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

1.14 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

MATHERS FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies (continued)

1.15 Leased assets: the Company as lessee

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

1.18 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

1.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. Accounting policies (continued)

1.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for reserves and expenses during the year. However, the nature of the estimation means that the actual outcomes could differ from the estimates. The directors believe that the critical accounting policies where judgments or estimates are necessarily applied are stock valuations and the expected useful lives of tangible fixed assets.

Valuation of stock and work in progress

Raw materials held at the year-end are valued using the most recent purchase invoice.

Work in progress and finished goods include labour and attributable overheads.

Other key sources of estimation uncertainty

Tangible fixed assets

Tangible fixed assets, other than freehold land, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

MATHERS FOUNDRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

3. Turnover

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	3,937,612	4,328,617
Rest of Europe	441,374	1,568,993
Rest of the world	776,868	276,279
	<u>5,155,854</u>	<u>6,173,889</u>

4. Operating loss

The operating loss is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	249,558	254,606
Depreciation of assets held under finance lease	-	2,195
Operating lease expenses	61,446	67,100
Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts	14,000	13,600
Exchange differences	(12,781)	54,835
Defined contribution pension cost	55,238	79,757
	<u></u>	<u></u>

5. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	14,000	13,600
	<u>14,000</u>	<u>13,600</u>
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	2,050	2,000
Financial statement preparation including FRS102 conversion	1,650	4,000
	<u>3,700</u>	<u>6,000</u>

MATHERS FOUNDRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

6. Employees

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	1,959,115	2,506,860
Social security costs	161,763	209,970
Cost of defined contribution scheme	55,238	79,757
	<u>2,176,116</u>	<u>2,796,587</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017	2016
	No.	No.
Production staff	60	78
Office and management	20	26
	<u>80</u>	<u>104</u>

7. Exceptional administrative expenses

During the year there were redundancy costs of £28,890 resulting from the restructuring of the company (2016: £339,823).

8. Interest payable and similar charges

	2017	2016
	£	£
Loans from group undertakings	302,051	240,437
Finance leases and hire purchase contracts	144	655
	<u>302,195</u>	<u>241,092</u>

MATHERS FOUNDRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

9. Taxation

	2017 £	2016 £
Total current tax	-	-
Deferred tax		
Revaluation of freehold land and building	(39,442)	(74,243)
Total deferred tax	(39,442)	(74,243)
Taxation on loss on ordinary activities	(39,442)	(74,243)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	(2,392,987)	(2,729,945)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	(478,597)	(545,989)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	171	239
Capital allowances for year in excess of depreciation	39,289	6,410
Qualifying charitable donations	5	-
Short term timing difference leading to an increase (decrease) in taxation	122,623	-
Other change leading to an increase in the tax charge	-	44
Unrelieved tax losses carried forward	316,509	539,296
Deferred tax on freehold land and buildings	(39,442)	(74,243)
Total tax charge for the year	(39,442)	(74,243)

Factors that may affect future tax charges

The company has tax losses of £7,908,143 (2016: £5,494,026) to carry forward and offset against future trading profits.

MATHERS FOUNDRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

10. Tangible fixed assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation					
At 1 April 2016	3,921,300	4,891,419	2,900	623,728	9,439,347
At 31 March 2017	3,921,300	4,891,419	2,900	623,728	9,439,347
Depreciation					
At 1 April 2016	146,537	3,956,669	1,462	541,984	4,646,652
Charge for the period on owned assets	32,052	194,436	731	22,339	249,558
At 31 March 2017	178,589	4,151,105	2,193	564,323	4,896,210
Net book value					
At 31 March 2017	3,742,711	740,314	707	59,405	4,543,137
At 31 March 2016	3,774,763	934,750	1,438	81,744	4,792,695

At the date of transition to FRS 102, the previously revalued freehold property was recognised at deemed cost as a result of a previous GAAP revaluation in accordance with section 35 of FRS 102.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Plant and machinery	-	16,828
	-	16,828

MATHERS FOUNDRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

11. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2016	1
At 31 March 2017	1
Net book value	
At 31 March 2017	1
At 31 March 2016	1

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
A.P.E Pumps Limited	Ordinary	100 %	Dormant company

12. Stocks

	2017 £	2016 £
Raw materials and consumables	590,614	700,681
Work in progress	704,801	638,041
	1,295,415	1,338,722

Stock recognised in cost of sales during the year as an expense was £2,133,449 (2016: £2,303,812).

MATHERS FOUNDRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

13. Debtors

	2017 £	2016 £
Trade debtors	970,163	1,502,064
Other debtors	33,470	-
Prepayments and accrued income	69,771	100,346
	<u>1,073,404</u>	<u>1,602,410</u>

14. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	54,043	85,817
	<u>54,043</u>	<u>85,817</u>

15. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	1,235,874	1,049,902
Taxation and social security	84,613	105,511
Obligations under finance lease and hire purchase contracts	-	4,524
Other creditors	14,845	14,536
Accruals and deferred income	153,033	226,601
	<u>1,488,365</u>	<u>1,401,074</u>

16. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Other loans	5,466,359	7,014,308
	<u>5,466,359</u>	<u>7,014,308</u>

MATHERS FOUNDRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

17. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due 1-2 years		
Other loans	5,466,359	7,014,308
	<u>5,466,359</u>	<u>7,014,308</u>

18. Financial instruments

	2017 £	2016 £
Financial assets		
Debtors due within 1 year	1,003,633	1,502,064
	<u>1,003,633</u>	<u>1,502,064</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(6,702,233)	(8,064,210)
	<u>(6,702,233)</u>	<u>(8,064,210)</u>

Financial assets measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise trade and other loans.

19. Deferred taxation

	2017 £
At beginning of year	(608,085)
Charged to other comprehensive income	39,442
At end of year	<u>(568,643)</u>

MATHERS FOUNDRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

19. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2017 £
Revaluation of Freehold land and buildings	(568,643)
	<u>(568,643)</u>

20. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
3,500,000 (2016 - 500,000) Ordinary shares shares of £1 each	3,500,000	500,000
	<u>3,500,000</u>	<u>500,000</u>

During the period, £3,000,000 of Ordinary shares were issued to the parent company in a debt for equity swap.

21. Reserves**Revaluation reserve**

This reserve represents the pre FRS 102 cumulative revaluation gains and losses on revaluation of Land and buildings held as tangible assets.

Profit & loss account

This reserve represents cumulative profits and losses.

22. Contingent liabilities

At 31 March 2017, the company's assets have been given as security to a bank in Singapore which provided finance to the holding company in respect of the acquisition of the company.

23. Pension commitments

The company operates a defined contribution pension scheme in respect of the employees of the company. The scheme and its assets are held by independent managers. The pension contributions cost to the company in the year amounted to £55,238 (2016: £79,757). The pension contributions outstanding at 31 March 2017 within other creditors amounted to £10,840 (2016: £11,077).

MATHERS FOUNDRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

24. Commitments under operating leases

At 31 March 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	82,092	99,972
Later than 1 year and not later than 5 years	85,687	132,386
Total	<u>167,779</u>	<u>232,358</u>

25. Related party transactions

The Company is owned by Aturia International Pte Limited (formerly WPIL International Pte Limited), a company incorporated in Singapore which is a subsidiary of WPIL Limited, a company incorporated in India.

As at 31 March 2017, the company owed Aturia International Pte Limited £5,466,359 (2016: £5,971,959) in respect of a long term loan.

During the year, the company was charged interest by Aturia International Pte Limited, the immediate parent company, amounting to £302,051 (2016: £240,437). At the year end this remains unpaid. During the year, £3,000,000 of loan capital was converted to equity. A cumulative interest amount of £1,344,400 has been included within Other loans (note 16).

26. Controlling party

The immediate parent undertaking is Aturia International Pte Ltd (formerly WPIL International Pte Limited), a company incorporated in Singapore.

The company's ultimate parent undertaking is WPIL Limited, a company incorporated in India and which is listed on the Mumbai Stock Exchange.