

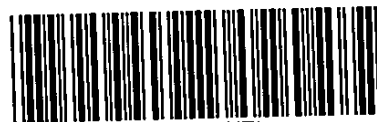
600 UK Limited

Directors' report and financial statements

Registered number 144979

Period ended 30 March 2013

TUESDAY



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COMPANIES HOUSE

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## Directors' report

The directors present their annual report and the audited financial statements for the 52 week period ended 30 March 2013

### Principal activities and business review

The company is principally engaged in the design, manufacture and distribution of machine tools, machine tool accessories and lasers

The result for the period is detailed in the profit and loss account on page 7. The operating profit for the 52 week period ended 30 March 2013 before exceptional costs is £346,563 (2012 – loss of £154,056). Exceptional costs totalled £1,676,850 (2012 - £6,075,941) and are explained in note 5 to the financial statements. This results in an operating loss of £1,330,287 (2012 - £6,229,997).

### *Review of operations*

During the year, the market for Machine Tools and Precision Engineered Components continued to be affected by the global economic environment. However, the most recent forecast from the Oxford Economics Group, which considers the principal economic factors for the global machine tools industry, does indicate that a more positive outlook is expected.

A decision in the prior year by the Group to close and then subsequently sell its Polish business in September 2012 has led to improved supply both from the Group's own production facility in Heckmondwike and its existing Far East supply chain. This coupled with the Group's refinancing in early September 2012 has led to improved trading since that time. As a result of this, the unacceptable order backlog evident at the beginning of year had reduced significantly by the year-end. With customer lead times now at industry standard or better, the company is seeing increased profitable activity and is also creating further opportunities to gain additional market share.

Conventional and workshop CNC machines continue to be the company's most successful product groups and the focus in the UK for the machine tools and precision engineered components business going forward continues to be principally aimed at increasing production whilst still maintaining high quality standards. The recent EMO exhibition held in Hanover in September 2013 allowed the company to showcase its products.

The compression of the manufacturing operations into a reduced site footprint at Heckmondwike through a sale and partial leaseback was announced in December 2012. This process which included the refurbishment of the newer portion of the facility was finally completed in September 2013 and has already been utilised to host a well-attended European distributor open house event. Furthermore, the decision to close the loss-making GCS division in the south of England was taken during the year and this process had been successfully completed by the end of June 2013.

The Laser Marking business increased revenues by 6.7% with stronger growth in the second half of the year. Gross margins were slightly lower, mostly as a consequence of increased sales commissions, and operating profits were also lower due to the increased expenditure on sales and marketing.

The Laser Marking business engaged in extensive new product development during the year and has subsequently introduced a complete range of workstations and state-of-the-art software controls at the EMO exhibition in September 2013.

## **Directors' report** *(continued)*

### **Principal activities and business review** *(continued)*

#### *Principal risks*

Risk management is embedded in the Company's internal control processes throughout the year and also as part of the year end reporting procedure. The major risk categories, together with examples, are considered to be

- strategic e.g. reputation, distribution network degradation, product obsolescence, agency agreements for factored products, exchange rate movements, low cost competition, short-term customer confidence levels,
- operational, e.g. stock valuation – there is a risk that an element of the stock of the Company is not realisable as the global machine tool market approaches maturity. Other operational risks include supply chains, product failure, loss of key personnel,
- liquidity, e.g. the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities, such as uncertainties around current financing arrangements (committed and uncommitted), potential changes in financing arrangements, and uncertainties posed by the potential impact of the economic outlook on the level of demand for the Company products and business activities,
- financial, e.g. major contract management, inventory control, credit control, pension scheme funding,
- hazard/health and safety product liability, and
- defined benefit pension schemes – the Group continues to be subject to various financial risks in relation to the pension schemes, e.g. the volatility of discount rates and the valuation of pension scheme assets

These risks are identified and managed through a regular dialogue and internal reporting procedures in place between the Group Chief Executive and each business unit Managing Director or General Manager. These risks are closely monitored and discussed with each business unit and appropriate safeguards put in place where possible.

#### *Key performance indicators*

The Company's key financial objectives that the directors judge to be effective in measuring the delivery of their strategies and managing the business concentrate at the Company level on profit, forward order book and net cash. At the business unit level, they include return on net assets and customer related performance measures.

These key performance indicators are measured and reviewed on a regular basis and enable the business to set and communicate its performance targets and monitor its performance against these targets.

#### *Key financial performance indicators*

- Revenue growth – annual growth of 4.1% (2012: 7.8% reduction)
- Gross Margin – gross profit as a percentage of Turnover – 23.5% (2012: 21.7%)
- Operating Margin – operating profit excluding exceptional costs as a percentage of Turnover – 0.1% (2012: (0.8)%)
- Working Capital levels – stock plus trade and other debtors less trade and other creditors as a percentage of turnover – 20.9% (2012: 17.9%)
- Current ratio – current assets divided by current liabilities – 2.77 (2012: 1.45)

#### **Dividend**

No dividend was paid during the period (2012: £nil)

## **Directors' report** *(continued)*

### **Directors**

The directors who held office during and subsequent to the period were as follows

N F Rogers  
N R Carrick

### **Employees**

It is the company's policy to employ and train disabled persons wherever their aptitudes and abilities allow and suitable vacancies are available. All employees are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their careers.

The company is committed to keeping employees as fully informed as possible with regard to the company's performance and prospects, and seeking their views, whenever practicable, on matters which particularly affect them as employees.

### **Research and development**

The company policy is to design and develop products which will enable it to retain and improve its market position.

### **Creditor payment policy**

The company does not follow a code or standard on payment practice. Payment terms are normally agreed with individual suppliers at the time of order placement and are honoured, provided that goods and services are supplied in accordance with the contractual conditions. The number of days' purchases outstanding for payment by the company at the year-end was 48 days (2012: 64 days).

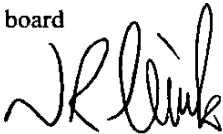
### **Disclosure of information to auditors**

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 auditors are 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 auditors are aware of that information.

### **Auditors**

Our auditor, KPMG Audit Plc, has instigated an orderly wind down of business and so will not be seeking reappointment. At the meeting held to approve the accounts it was resolved that KPMG LLP be appointed auditors of the company to hold office from the conclusion of the meeting until the conclusion of the next general meeting at which accounts are laid before the company.

By order of the board



N R Carrick  
Director

23 December 2013

Union Street  
Heckmondwike  
West Yorkshire  
WF16 0HL

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing 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).

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, 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 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.



## KPMG Audit Plc

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

### **Independent auditor's report to the members of 600 UK Limited**

We have audited the financial statements of 600 UK Limited for the 52 week period ended 30 March 2013 set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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.

#### **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](http://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 30 March 2013 and of its loss for the period then ended,
- have been properly prepared in accordance with UK 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 the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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## **Independent auditor's report to the members of 600 UK Limited (*continued*)**

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

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

**David Morritt (Senior Statutory Auditor)**  
**for and on behalf of KPMG Audit Plc, Statutory Auditor**

*Chartered Accountants*

1 The Embankment

Neville Street

Leeds

LS1 4DW

23 December 2013



## Profit and loss account

for the 52 week period ended 30 March 2013

	Note	52 week period ended 30 March 2013 £	52 week period ended 31 March 2012 £
Turnover	2	20,272,494	19,474,677
Cost of sales		(15,511,401)	(15,256,131)
<b>Gross profit</b>		<b>4,761,093</b>	<b>4,218,546</b>
Net operating expenses	3	(4,414,530)	(4,372,602)
<b>Operating profit/(loss) before restructuring costs and costs in relation to closed operations</b>	4	<b>346,563</b>	<b>(154,056)</b>
Exceptional costs	5	(1,676,850)	(6,075,941)
<b>Operating loss</b>		<b>(1,330,287)</b>	<b>(6,229,997)</b>
Loss on disposal of property	5	(192,968)	-
Interest payable and similar charges	8	(35,990)	(75,484)
<b>Loss on ordinary activities before taxation</b>		<b>(1,559,245)</b>	<b>(6,305,481)</b>
Taxation	9	707,542	8,251
<b>Loss for the financial period</b>		<b>(851,703)</b>	<b>(6,297,230)</b>

The notes on pages 9 to 22 form part of these accounts

There is no material difference between loss on ordinary activities before taxation and historical cost loss on ordinary activities before taxation

A reconciliation of movement on shareholders' funds is given in note 20

**Balance sheet**  
*at 30 March 2013*

	<i>Note</i>	<b>At 30 March 2013</b>	<b>At 31 March 2012</b>
		£	£
<b>Fixed assets</b>			
Intangible assets	10	1,081,281	549,450
Tangible assets	11	2,122,542	5,377,317
Investments	12	1	1
		<u>3,203,824</u>	<u>5,926,768</u>
<b>Current assets</b>			
Stocks	13	4,149,752	4,329,233
Debtors	14	11,204,173	20,432,788
Cash at bank and in hand		538,096	608,743
		<u>15,892,021</u>	<u>25,370,764</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(5,564,175)</u>	<u>(17,505,998)</u>
<b>Net current assets</b>		<u>10,327,846</u>	<u>7,864,766</u>
<b>Total assets less current liabilities</b>		<u>13,531,670</u>	<u>13,791,534</u>
<b>Creditors: amounts falling due after more than one year</b>	16	(24,781,069)	(24,274,500)
<b>Provision for liabilities and charges</b>	18	(1,237,636)	(1,152,366)
<b>Net liabilities</b>		<u>(12,487,035)</u>	<u>(11,635,332)</u>
<b>Capital and reserves</b>			
Called up share capital	19	100,000	100,000
Revaluation reserve	19	289,252	907,295
Other reserve	19	15,000	15,000
Profit and loss account	19	(12,891,287)	(12,657,627)
<b>Shareholders' deficit</b>	20	<u>(12,487,035)</u>	<u>(11,635,332)</u>

These financial statements were approved by the board of directors on 23 December 2013 and were signed on its behalf by



**N R Carrick**  
*Director*

23 December 2013

The notes on pages 9 to 22 form part of these accounts

Company number 144979

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

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

#### *Basis of preparation*

These accounts have been prepared under the historical cost convention, modified to include the revaluation of certain properties, and in accordance with applicable accounting standards. The accounts are prepared to the Saturday nearest to the company's accounting reference date of 31 March. The results for 2013 are for the 52 week period ended 30 March 2013. The results for 2012 are for the 52 week period ended 31 March 2012.

In the opinion of the directors it is appropriate to draw up the financial statements on the going concern basis as the parent company has given an undertaking to provide continued financial support to the company for a period of at least 12 months from the date on which the financial statements were signed.

The Company meets its day to day working capital requirements through a group facility with Santander initially set up in August 2011 consisting of £5m which was amended on 3 September 2012 to include an additional £300,000 overdraft, revised covenants and deferment of the term loan repayments. At the same time the Group also undertook an equity raise to provide additional working capital.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. This includes consideration of working capital requirements and the impact of funding any further reorganisation costs. Further cost saving and result enhancing actions continue to be reviewed by the Board on a regular basis.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

#### *Cash flow statement*

Under Financial Reporting Standard 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking, The 600 Group PLC, includes the company in its own published consolidated financial statements.

#### *Turnover*

Turnover represents the total of the amounts invoiced to customers outside the company for goods supplied and services rendered, excluding VAT, and after deducting discounts allowed and credit notes issued. Turnover is recognised at the point at which goods are supplied to customers.

#### *Stocks and work in progress*

Stocks and work in progress are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. The cost of manufactured products consists of direct materials and direct labour with the addition of an appropriate proportion of production overheads.

#### *Revaluation of fixed assets*

Fixed assets are held at cost, subject to periodic property revaluations every 5 years. As a result all properties were independently revalued during March 2010.

## Notes (continued)

### *Depreciation*

Depreciation is calculated to write off the cost (or amount of the valuation) of fixed assets less the residual value on a straight line basis over the expected useful economic life of the assets concerned. The annual rates used are generally

Freehold buildings	- 2 to 4%
Leasehold buildings	- Over the residual terms of the leases
Plant and machinery	- 10 to 20%
Fixtures, fittings, tools and equipment	- 10 to 33 <sup>1</sup> / <sub>3</sub> %

No depreciation is provided on freehold land

### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the contract or at contract rates. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date or at the contract rate where covered by foreign exchange contracts and the gains or losses on translation are included in the profit and loss account.

### *Leases*

Assets financed by leasing arrangements, which give rights approximating to ownership, are treated as if they had been purchased outright and are capitalised and depreciated over the shorter of the estimated useful life of the assets and the period of the leases. The capital element of future rentals is treated as a liability and the interest element is charged against profits in proportion to the balances outstanding. The rental costs of all other leased assets are charged against profits on a straight-line basis.

### *Research and development*

Research expenditure undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in the income statement as an expense as incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the company has sufficient resources to complete development. The expenditure capitalised includes direct labour and an appropriate proportion of overheads. Amortisation is charged to the income statement on a straight-line basis over the useful economic life of the activity. Currently the annual rates used are between 2 and 5 years.

### *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 FRS 19.

### *Goodwill*

Goodwill, being the excess of the fair value of the purchase consideration given and associated costs over the fair value of the net assets at the time of purchase of businesses, is capitalised and amortised over a maximum estimated useful life of 20 years on a straight-line basis in accordance with FRS 10 'Goodwill and Intangible Assets'.

### *Pension costs*

The Company participates in a Group-wide pension scheme providing benefits based on career average related earnings. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "(Retirement benefits)", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

### *Financial Instruments*

Where a right of offset exists, it is company policy to disclose the net cash position.

## Notes (continued)

### 2 Analysis of turnover

	52 week period ended 30 March 2013 £	52 week period ended 31 March 2012 £
<i>Turnover by geographical market</i>		
United Kingdom	7,004,176	7,196,956
Europe	6,848,699	5,537,758
Africa	90,080	546,622
North America	4,131,148	4,001,422
Central & South America	141,720	425,487
Middle East	728,958	665,012
Far East	1,139,443	793,179
Australia, New Zealand & Pacific Islands	188,270	308,241
	<u>20,272,494</u>	<u>19,474,677</u>

All turnover and results are generated from the one principal activity

### 3 Net operating expenses

	52 week period ended 30 March 2013 £	52 week period ended 31 March 2012 £
Net operating expenses		
Administration expenses	3,146,422	2,933,158
Distribution costs	1,332,389	1,538,359
Other operating income	(64,281)	(98,915)
	<u>4,414,530</u>	<u>4,372,602</u>

### 4 Operating loss

	52 week period ended 30 March 2013 £	52 week period ended 31 March 2012 £
<i>Operating loss is stated after charging/(crediting)</i>		
Auditors' remuneration		
Audit fees	-	-
Depreciation of owned fixed assets	394,548	495,535
Depreciation of fixed assets held under finance leases	39,847	39,847
Research and development	-	-
Hire of plant and machinery – rentals payable under operating leases	9,567	12,603
Hire of other assets – operating leases	41,064	50,605
Profit on sale of fixed assets	(55,718)	-
	<u></u>	<u></u>

Audit fees are currently borne by the ultimate parent company

## Notes (continued)

### 5 Exceptional items

	52 week period ended 30 March 2013 £	52 week period ended 31 March 2012 £
<i>Exceptional items</i>		
Restructuring/reorganisation	1,004,605	2,321,308
Impairment of stock and intercompany receivables	672,245	3,754,633
	<hr/> 1,676,850 <hr/>	<hr/> 6,075,941 <hr/>

Restructuring costs and costs in relation to closed operations are items of expenditure that, in the judgement of management, should be disclosed separately on the basis that they are material, either by their nature or their size, to an understanding of the financial performance and significantly distort the comparability of financial performance between accounting periods

Items of expense that are considered by management for designation as restructuring costs include such items as redundancy costs, plant, property and equipment impairments and stock impairments

At 30 March 2013, the company had incurred £1.0m of costs (2012 - £2.3m) in relation to reorganising and restructuring the business. These costs comprise principally staff redundancy, contract severance costs and costs relating to termination of property leases and impairment of trade receivables.

At 30 March 2013, the company conducted a review of the net realisable value of its stock carrying values following a major review of the Group strategy and operations. In addition, the group decision to also end production in Poland has resulted in the write-off of various intercompany receivables. This has resulted in a charge of £0.7m (2012 - £3.8m).

The disposal of various Group properties during the current period resulted in a loss on disposal of £0.2m (2012 - £nil).

### 6 Remuneration of directors

No director received any emoluments in the current or preceding period in respect of their services to the company (2012 - none).

### 7 Staff numbers and costs

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

	Number of employees 2013	2012
Management and administration	17	23
Production	102	114
Selling and distribution	31	31
	<hr/> 150 <hr/>	<hr/> 168 <hr/>

## Notes (continued)

### 7 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows

	52 week period ended 30 March 2013 £	52 week period ended 31 March 2012 £
Wages and salaries	4,522,003	4,774,079
Social security costs	408,125	495,989
Net pension scheme charge	226,563	253,491
	<u>5,156,691</u>	<u>5,523,559</u>

Redundancy costs of £351,573 (2012 £307,310) are included in exceptional costs (note 5) during the year

### 8 Interest payable and similar charges

	52 week period ended 30 March 2013 £	52 week period ended 31 March 2012 £
Bank overdraft interest	7,229	21,917
Other interest	28,761	53,567
	<u>35,990</u>	<u>75,484</u>

## Notes (continued)

### 9 Taxation

	52 week period ended 30 March 2013 £	52 week period ended 31 March 2012 £
Current tax		
Corporation tax at 26%		
UK – adjustment in respect of prior periods	-	-
Total current tax charge	-	-
Deferred taxation		
- Current period	(727,127)	(177,414)
- Relating to prior periods	19,585	169,163
Total deferred taxation (note 18)	(707,542)	(8,251)
Taxation (credited)/debited to the profit and loss account	(707,542)	(8,251)

#### Current tax reconciliation

The current tax assessed for the period is lower than the standard rate of corporation tax in the UK of 24% (2012 26%) The differences are explained below

	52 week period ended 30 March 2013 £	52 week period ended 31 March 2012 £
Loss on ordinary activities before tax	(1,559,245)	(6,305,481)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2012 26%)	(374,219)	(1,639,425)
Effects of		
Permanent differences	108,397	37,700
Fixed asset timing differences/chargeable gains	(6,606)	163,219
Losses not recognised	272,428	1,438,506
Tax charge for the period	-	-



**Notes** *(continued)*

**10 Intangible Fixed Assets**

	<b>Development Expenditure £</b>
<b>Cost</b>	
At 31 March 2012	549,450
Additions	531,831
	<hr/>
<b>At 30 March 2013</b>	<b>1,081,281</b>
	<hr/>
<b>Amortisation</b>	
At 31 March 2012 and 30 March 2013	-
	<hr/>
<b>Net Book value</b>	
At 30 March 2013	<b>1,081,281</b>
	<hr/>
At 31 March 2012	549,450
	<hr/>

The development expenditure capitalised in the period relates to next generation software being developed for the Laser marking division of the company

## Notes (continued)

### 11 Tangible fixed assets

	Freehold land and buildings £	Long leasehold land and buildings £	Short Leasehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>						
At 31 March 2012	2,900,966	1,178,000	31,624	20,209,052	745,413	25,065,055
Additions	-	-	-	72,171	1,479	73,650
Disposals	(2,900,966)	-	-	(1,110,541)	(130,958)	(4,142,465)
<b>At 30 March 2013</b>	<b>-</b>	<b>1,178,000</b>	<b>31,624</b>	<b>19,170,682</b>	<b>615,934</b>	<b>20,996,240</b>
<b>Depreciation</b>						
At 31 March 2012	108,720	19,154	13,143	18,851,872	694,849	19,687,738
Charge for financial period	33,649	-	767	380,359	19,620	434,395
Disposals	(142,369)	-	-	(986,706)	(119,360)	(1,248,435)
<b>At 30 March 2013</b>	<b>-</b>	<b>19,154</b>	<b>13,910</b>	<b>18,245,525</b>	<b>595,109</b>	<b>18,873,698</b>
<b>Net book value</b>						
At 30 March 2013	<b>-</b>	<b>1,158,846</b>	<b>17,714</b>	<b>925,157</b>	<b>20,825</b>	<b>2,122,542</b>
At 31 March 2012	2,792,246	1,158,846	18,481	1,357,180	50,564	5,377,317

Historical cost disclosures are not made as in the opinion of the directors, unreasonable expense and delay would be incurred in obtaining the original cost of the assets valued at 31 March 1997

In March 2010 the company's properties were revalued. The valuations were performed by independent valuers and the valuations were determined by reference to market rate for sale with vacant possession. The directors are not aware of any material change in the value of the properties and therefore the valuations have not been updated.

Included in the total net book value of plant and machinery is £219,678 (2012 £259,525) in respect of assets held under finance leases. The depreciation charged in the period against assets held under finance leases was £39,847 (2012 £39,847).

## Notes (continued)

### 12 Fixed asset investments

Shares  
in subsidiary  
undertakings  
£

#### Cost and net book value

At 30 March 2013 and 31 March 2012

1

Subsidiary undertakings	Country of registration	Principal activity	Class and percentage of shares held
Sykes Machine Tool Company Limited	England and Wales	Dormant	£1 Ord 100%

### 13 Stocks

	2013 £	2012 £
Raw materials and consumables	2,835,155	2,245,320
Work in progress	680,048	415,862
Finished goods and goods for resale	634,549	1,668,051
	<u>4,149,752</u>	<u>4,329,233</u>

During the year the company conducted a review of the net realisable value of its stock carrying values following a major review of the Group strategy and operations. This has resulted in a write down of £0.7m (2012 - £3.4m) from the stock value.

### 14 Debtors

	2013 £	2012 £
Trade debtors	3,142,364	3,050,986
Amounts owed by parent and fellow subsidiary undertakings	6,099,453	16,082,790
Other debtors	100,835	76,065
Prepayments and accrued income	267,744	336,712
Deferred tax asset (note 18)	1,593,777	886,235
	<u>11,204,173</u>	<u>20,432,788</u>

**Notes (continued)**

**15 Creditors: amounts falling due within one year**

	2013 £	2012 £
Payments received on account	19,494	99,205
Bank overdraft	-	6,453,496
Trade creditors	2,669,222	3,436,593
Amounts owed to parent and fellow subsidiary undertakings	1,636,929	5,293,703
Obligations under finance leases (note 17)	92,161	208,859
Taxation	2,665	3,070
Other taxes and social security	143,498	578,151
Other creditors	488,077	538,533
Accruals and deferred income	512,129	894,388
	<u>5,564,175</u>	<u>17,505,998</u>

**16 Creditors: amounts falling due after more than one year**

	2013 £	2012 £
Amounts owed to parent and fellow subsidiary undertakings	24,765,266	24,234,216
Obligations under finance leases (note 17)	15,803	40,284
	<u>24,781,069</u>	<u>24,274,500</u>

**17 Obligations under finance leases**

The maturity of obligations under finance leases is as follows

	2013 £	2012 £
Falling due		
– within one year	103,657	246,087
– within two to five years	19,917	51,769
– less future finance charges	(15,610)	(48,713)
	<u>107,964</u>	<u>249,143</u>
Amounts falling due within one year	92,161	208,859
Amounts falling due after one year	15,803	40,284

## Notes (continued)

### 18 Provision for liabilities and charges

	2013 £	2012 £
Deferred tax asset	1,593,777	886,235
Other provisions	(1,237,636)	(1,152,366)

The deferred tax asset is shown within Debtors (note 14) Other provisions relate in the main to dilapidations

#### Deferred Taxation

The period end deferred taxation balance comprises	2013 Provided £	2012 Provided £
Accelerated capital allowances and other revenue items	852,027	460,802
Tax losses	580,060	425,433
Other short term timing differences	161,690	-
	<u>1,593,777</u>	<u>886,235</u>

Movement on deferred tax during the period	2013 £	2012 £
Brought forward	886,235	877,984
Provided	707,542	(67,870)
Impact of rate change	-	76,121
Utilised	-	-
	<u>1,593,777</u>	<u>886,235</u>

There is an unrecognised deferred tax asset of £4,781,681 (2012 £4,797,498) in respect of losses. Deferred tax has been provided for at the rate of 23% (2012 – 24%). Following the substantive enactment of legislation in the UK to reduce the corporation tax rate from 24% to 23% from 1 April 2012, the effective tax rate this year includes the impact on the income statement of calculating the UK deferred tax balances at the lower UK corporation tax rate. Future changes to 21% and 20% will be reflected in future accounts when applicable.

## Notes (continued)

### 18 Provision for liabilities and charges (continued)

#### Other Provisions

Movement on other provisions during the period	2013	2012
	£	£
Brought forward	1,152,356	1,308,392
Provided	449,141	-
Utilised	(363,861)	(156,036)
	<hr/>	<hr/>
Carried forward	1,237,636	1,152,356
	<hr/>	<hr/>

The other provisions relate to dilapidation provisions and various other claims provided for at the year-end

### 19 Called up share capital and reserves

#### (i) Share capital

	2013	2012
	£	£
<b>Authorised</b>		
135,000 Ordinary shares of £1 each	135,000	135,000
4 9% cumulative redeemable preference shares of £1 each	15,000	15,000
	<hr/>	<hr/>
	150,000	150,000
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
100,000 Ordinary shares of £1 each	100,000	100,000
	<hr/>	<hr/>

#### (ii) Reserves

	Revaluation reserve £	Other £	Profit and loss account £
At 31 March 2012	907,295	15,000	(12,657,627)
Property disposals	(618,043)	-	618,043
Loss for financial period	-	-	(851,703)
	<hr/>	<hr/>	<hr/>
At 30 March 2013	289,252	15,000	(12,891,287)
	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 20 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Opening shareholders' funds	(11,635,332)	(5,338,102)
Loss for the financial period	(851,703)	(6,297,230)
	<u>                    </u>	<u>                    </u>
Closing shareholders' funds	(12,487,035)	(11,635,332)
	<u>                    </u>	<u>                    </u>

### 21 Contingent liabilities

	2013 £	2012 £
Third party guarantees	-	-
	<u>                    </u>	<u>                    </u>
Total contingent liabilities	-	-
	<u>                    </u>	<u>                    </u>

The directors do not anticipate that a material proportion of the contingent liabilities will crystallise. Under a group registration the company is jointly and severally liable for value added tax due by other group companies. At 30 March 2013 this contingent liability amounted to £nil (2012: £nil).

### 22 Commitments

(i) Capital commitments at the end of the financial year for which no provision has been made

	2013 £	2012 £
Contracted	154	-
	<u>                    </u>	<u>                    </u>

(ii) Annual commitments under non cancellable operating leases are as follows

	2013		2012	
	Land and buildings £	Other £	Land and Buildings £	Other £
Operating leases which expire				
Within one year	12,911	12,586	-	30,588
In the second to fifth years inclusive	-	19,382	51,642	4,089
Over five years	235,000	-	85,000	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	247,911	31,968	136,642	34,677
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

**Notes** *(continued)*

**23 Related party disclosure**

The company is controlled by The 600 Group PLC, the immediate and ultimate parent company

As the company is a wholly owned subsidiary of The 600 Group PLC, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of The 600 Group PLC within which this company is included can be obtained from the address below

**24 Ultimate holding company and parent undertaking of larger group of which the company is a member**

The company is a subsidiary undertaking of The 600 Group PLC which is incorporated in Great Britain and registered in England and Wales. The consolidated accounts of the group are available to the public and may be obtained by writing to the registered office of the ultimate holding company at Union Street, Heckmondwike, West Yorkshire, WF16 0HL