600 UK Limited

Annual Report and Accounts

Registered number 144979

Period ended 2 April 2016

Contents

Company Information
for the Period Ended 2 April 2016

Directors:	N R Carrick P R Dupee (appointed 30 April 2015) N F Rogers (resigned 30 April 2015)
Company Secretary:	R J Taylor
Registered Office:	1 Union Works Union Street Heckmondwike West Yorkshire WF16 0HL
Company Registration Number:	144979
Auditor:	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA
Bankers:	HSBC Bank PLC

Strategic report

Our business

600 UK Limited is part of The 600 Group PLC which is a leading engineering group with a world class reputation in the design, manufacture and distribution of machine tools, and the design, manufacture and distribution of precision engineered components and laser marking systems. 600 UK Limited operates from two locations in the UK – Heckmondwike and Colchester, and is wholly focussed on machine tools and precision engineered components.

Macroeconomic and industry trends

Machine tools are used to mould, cut, shape and fabricate materials in the process of manufacturing virtually all products in common use. The machine tool industry is expected to experience a steady demand over time for as long as there is a need for manufactured durable goods such as motor vehicles, aeroplanes, energy and extractive industrial equipment, and defence equipment.

The worldwide machine tool industry is estimated at over US$70bn in annual sales and is determined by the investment intentions of manufacturers, and is sensitive to changes in the economic and financial climate. Demand responds to economic trends and typically lags the main cycle of the economy.

Gardner Research identified the largest five producer countries of machine tools to be China, Germany, Japan, South Korea and Italy with the largest five countries ranked by the consumption as China, USA, Germany, Japan and South Korea. The UK ranks eleventh as a producer nation, and thirteenth in order of consumption.

Our aims and objectives

Our business has excellent products, and unrivalled brand heritage. We aim to report consistent year on year growth in annual revenues and profitability by increasing our market share, regardless of cyclical factors affecting our industry as a whole.

We will achieve this by:

- consistently delivering against lead times and quality standards that meet or exceed the requirements of our end-user customers,
- winning and retaining the right to be the producer of choice for our distributors by being easy to deal with,
- undertaking design-led cost reduction activity to maintain or improve our competitiveness,
- pursuing a dynamic approach to new product development,
- recruiting, retaining and developing a talented and committed workforce, and,
- fostering lasting relationships with our chosen supply chain partners.

Machine tools and precision engineered components

600 UK Limited designs, manufactures and develops manual and CNC metal cutting machine tools sold under the brand names Colchester and Harrison and designs and manufactures precision engineering components under the brand names Pratt Burnerd and Gamet. These are sold both in the UK and worldwide, through direct sales and through a well-established network of distributors.

Revenues fell by 42% to £11.9m largely as a result of the hivedown of the Electrox Laser division at the end of the previous period to Electrox Laser Limited, a fellow group company. The company, however, also experienced difficult market conditions, particularly in Germany, where the weakness of the Euro has added to pricing pressure. In response to these difficult conditions direct and overhead costs were reduced and the mix of products manufactured in the UK was revised during the second half of the financial year. The fall in volume was concentrated on the higher margin component product resulting in a disproportionate fall in operating margins. This was the principal reason for the company's disappointing overall performance.

Since his appointment as Divisional Managing Director of the machine tool division in August 2015 Don Haselton has been focusing on the introduction to the UK and Europe of the Clausing product range of drills, mills, saws and grinders which are now becoming a regular feature of the package of products we offer and supply in the UK and Europe.

The Clausing range of products has been one of the key reasons behind the sustained growth in the North American operations and represent over 1/3 of their product sales compared to a figure of just 4% for the UK and European operation at present.

Routes to market and customers

By product category

Approximately 64% of revenues derived from the sale of metal turning machine tools and other machine tools. The sale of precision engineered components for use in metal turning contributed approximately 20%, and the remainder of revenues, amounting to approximately 16%, is derived largely from after sales support in spare parts and services.

By industry sector (including customer concentration)

600 UK Limited serves customers across a very broad range of industry sectors, from niche markets for technical education of young engineering apprentices, where our products are considered as the benchmark, through to high volume production of automotive, aerospace and defence equipment. A high proportion of revenues are derived from sales via third party distribution channels, in respect of which it is more difficult to track the industry dispersion of end-user customers.

The company benefits from a high degree of loyalty and repeat business via established distributors in many countries and territories. In the period ended 2 April 2016 the largest single customer, a distributor, contributed approximately 8% of revenues. The top 20, of which 16 were distributors, amounted to 42% of revenues.

By geographical territory of destination

Revenues are generated across many diverse geographical territories, with the principal markets in:

Percentage of worldwide revenues (by destination)	**2016** %	**2015** %
United Kingdom	53	38
Europe (excluding UK)	29	32
Rest of the World	12	13
North America	6	17
Total	100	100

Key performance indicators (KPI's)

The company monitors performance against key financial objectives that the directors judge to be effective in measuring the delivery of strategic aims, and managing and controlling the business. These focus on profit, together with its associated earnings per share, forward order book and cash generation. Additional KPI's also include working capital control, and customer related performance measures such as on-time delivery, minimisation of warranty concerns, and measured levels of overall customer satisfaction.

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.

The company's recent performance against financial KPI's is set out as follows:

KPI	**2016**	**2015**
Revenue (annual growth rate)	(42.4)%	(0.7)%
Book-to-bill ratio	99.8%	103.2%
Order backlog (months)	1.1	1.3
Gross margin (% of revenue)	24.1%	28.3%
EBIT margin (% of revenue)	8.1%	17.9%
Working capital (% of revenue)	30.7%	27.0%
Inventory turns	2.8x	3.3x
Receivables (days)	63	51

The fall in revenue in current period is largely due to the hivedown of the Electrox division into a separate legal entity, Electrox Laser Limited, towards the end of the prior year.

Key business risks

The board of directors has identified the main categories of business risk in relation to the implementation of the company's strategic aims and objectives, and has considered reasonable steps to prevent, mitigate or manage these risks.

The principal areas noted during this review are summarised as follows:

Macro-economic – the company is active in markets which can be cyclical in nature as the overall level of market demand is dependent upon capital investment intentions. Economic or financial market conditions determine global demand and could adversely affect our customers, distributors, operations, suppliers, and other parties with whom we transact. The directors seek to ensure that our overall risk is mitigated by avoiding excessive concentration of exposure to any given geographical or industry segment, or to any individual customer. Market conditions, lead indicators and industry forecasts are monitored for any early warning signs of changes in overall market demand, and measures to exploit opportunities or manage elevated risks are taken as appropriate.

Production and supply chain – the continuity of the company's business activities is dependent upon the cost effective supply of products for sale from our own facilities, and those of our key vendors. Supply can be disrupted by a variety of factors including raw material shortages, labour disputes and unplanned machine down time. In particular, the directors are mindful that a small number of key manufacturing outsource partners are located in relatively close proximity to each other in Taiwan.

Taiwan is ranked by Gardner Research as the seventh largest producer nation of machine tools, with global production valued at almost US$5 billion. Taiwanese suppliers represent approximately one quarter of the total cost of sales for the company. Group businesses mitigate against such risk by carefully selecting high quality vendors, and maintaining long term constructive and open relationships. The effectiveness of such mitigation would be limited, however, in certain catastrophic circumstances (for example, extreme weather or seismic activity in the vicinity), against which the company carries appropriate insurance.

Laws and regulations – the company may unknowingly fail to comply with all relevant laws and regulations in the countries in which it operates and contracts business. There is a risk of breach of legal, safety, environmental or ethical standards which can be more difficult to identify, comprehend, or monitor in certain territories than others. The directors have taken all reasonable steps to ensure that operations are conducted to high ethical, environmental and health and safety standards. Controls are in place to keep regulatory and other requirements under careful review, and scrutinise any identified instances of elevated risk.

Information Technology ("IT") – The company's IT systems and the information they contain are subject to security risks including the unexpected loss of continuity from virus or other issues, and the deliberate breach of security controls for commercial gain or mischief. Any such occurrences could have a significant detrimental effect on the company's business activities. These risks are mitigated by the utilisation of physical and embedded security systems, regular back-ups and comprehensive disaster recovery plans.

Results

Revenue and order intake

Revenue from continuing operations decreased by 42% to £11.94m (2015: £20.75m). The hivedown of the Electrox business in January 2015 accounted for the majority of this decrease. Order intake during the year amounted to £11.9m at a book-to-bill ratio of 99.8%. This was a fall on the previous financial year, in which order intake was £21.42m at a book-to-bill ratio of 103.2%. The Electrox hivedown reduced the order intake for the full year along with the impact of the European economy and oil industry slowdowns, and the strong pound.
The year-end order backlog stood at £1.1m against the corresponding figure of £1.3m last year.

Costs and margins

Gross margins decreased to 24.1% (2015: 28.3%), primarily as a result of the hivedown of the Electrox division along with pressures from an increasingly competitive environment during the year.
Operating expenses excluding special items decreased by 18.9% to £3.40m (2015: £4.19m), largely due to the hivedown of the Electrox division.

Development expenditure

During the financial year the company incurred aggregate expenditure on the development of new products and software of £0.03m, all of which was capitalised and will be amortised over the estimated economic life of the associated products. The corresponding amounts in the previous financial year were £0.21m of revenue expense, and £0.23m of capitalised costs.
The amortisation charge to income in the current year in respect of development expenditure previously capitalised was £0.01m (2015: £0.09m).

Profit before taxation

Operating profit before management fees, restructuring costs and costs in relation to closed operations amounted to £0.47m against the corresponding figure last year of £1.44m.
Interest receivable was £1.17m (2015: £0.89m) comprising net financial income relating to interest on the pensions surplus.
Profit before taxation was £0.9m (2015: profit of £4.56m).

Special items

During the financial year the Company incurred expenditure which was, in the reasonable opinion of the directors, non-recurring in nature. This amounted to £0.66m and related to restructuring and reorganisation (2015: £0.32m relating to restructuring and reorganisation, and a property write-down).

Taxation

The current year charge for taxation related to deferred taxation and amounted to £0.81m representing 89% of the profit before taxation and is largely related to pensions interest.
The company incurred significant trading and capital losses in prior years in the UK and accordingly has no liability for taxation in the UK.

Going concern

In accordance with FRC guidelines, the Board has assessed the company's funding and liquidity position and further details can be found in the basis of preparation accounting policy note. The Directors confirm that, after having made appropriate enquiries, they have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparation of the financial statements.

Retirement Benefits

The accounting surplus on the final salary scheme is arrived at on a best estimate basis and included on the Statement of Financial Position as the scheme rules allow the requirements on surplus recognition within IFRIC 14 to be applied. The accounting surplus at 2 April 2016 was £41.97m (2015: £35.40m). In accordance with the current legislation on taxation of pension surplus returns to a company, deferred taxation has been provided for on the pension entries at 35% as opposed to the normal 20% rate.

The funding position of the scheme using the much more prudent technical provisions basis for valuation in the latest draft tri-ennial valuation at 31 March 2016 was a surplus of £2.2m compared to the tri-ennial valuation deficit at 31 March 2013 of £25.4m. Consequently it is expected that an agreement will be reached to ensure that there will continue to be no requirement for any cash funding from the Company.

The directors and the Trustee work together on a collaborative basis to continue to monitor investment performance and market conditions closely, to mitigate the risk of mis-matching assets and liabilities to a tactically appropriate level, and to pursue opportunities to secure a full or partial buy-out of pension liabilities when conditions permit.

Treasury and risk management

Financial risks

The main financial risks faced by the company are credit risk, foreign currency risk, interest rate risk and liquidity risk. The directors regularly review and agree policies for managing these risks.

Credit risk is managed by monitoring limits and payment performance of counterparties. The directors consider the level of general credit risk in current market conditions to be higher than normal. Where a customer is deemed to represent an unacceptable level of credit risk, terms of trade are modified to limit the company's exposure.

Foreign currency risk is managed by matching payments and receipts in foreign currency to minimise exposure. Foreign currency is bought to match liabilities as they fall due where currency receipts are insufficient to match the liability.

Liquidity risk is managed overall by the Group maintaining undrawn revolving credit and overdraft facilities in order to provide short term flexibility.

Interest rate risk is managed by the Group as a whole holding a mixture of cash and borrowings in Sterling, US dollars and Australian dollars at floating rates of interest.

Market risks

The company's main exposure to market risk arises from increases in input costs in so far as it is unable to pass them on to customers through price increases. The company does not undertake any hedging activity in this area and all materials and utilities are purchased in spot markets. The company seeks to mitigate increases in input costs through a combination of continuous improvement activities to minimise increases in input costs and passing cost increases on to customers, where this is commercially viable.

The company is also aware of market risk in relation to the dependence upon a relatively small number of key vendors in its supply chain. This risk could be manifest in the event of a commercial or natural event leading to reduced or curtailed supply. The company seeks to mitigate these risks by maintaining transparent and constructive relationships with key vendors, sharing long term plans and forecasts, and encouraging effective disaster recovery planning.

The company is also exposed to the risk of a downturn in its customers' end markets leading to reduced levels of activity for the company. The directors seek to ensure that the company's activities are not significantly concentrated in sales to either one individual customer or into a single market sector in order to mitigate the exposure to a downturn in activity levels.

Other principal risks and uncertainties

The remaining main risks faced by the company are its exposure to pension funding and the risk to its reputation of a significant failure to comply with accepted standards of ethical and environmental behaviour.

Pension funding risk arises from the company's operation of a defined benefit pension scheme which gives rise to fluctuations between the value of its projected liabilities and the value of the assets the scheme holds in order to discharge those liabilities. The amount of any surplus or deficit may be adversely affected by such factors as lower than expected investment returns, changes in long term interest rates and inflation expectations, and increases in the forecast longevity of members. The directors regularly review the performance of the pension scheme and any recovery plan. Proactive steps are taken to identify and implement cost effective activities to mitigate the pension scheme deficit.
The directors have taken steps to ensure that all of the company's global operations are conducted to the highest ethical and environmental standards. Regulatory requirements are kept under review, and key suppliers are vetted in order to minimise the risk of the company being associated with another company that commits a significant breach of applicable regulations.

By order of the board

N R Carrick
Director
16 December 2016

1 Union Works
Union Street
Heckmondwike
West Yorkshire
WF16 0HL

Directors' report

The directors present their annual report and the audited financial statements for the 53 week period ended 2 April 2016.

Dividend

No dividend was paid during the period (2015: £nil).

Directors

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

N R Carrick
P R Dupee (appointed 30 April 2015)
N F Rogers (resigned 30 April 2015)

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.

Political contributions

The company made no political donations or incurred any political expenditure during the year.

Research and development

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

Disclosure of information to auditor

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

Auditor

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

By order of the board

N R Carrick
Director
16 December 2016

1 Union Works
Union Street
Heckmondwike
West Yorkshire
WF16 0HL

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent 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 group and to prevent and detect fraud and other irregularities.

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
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 year ended 2 April 2016 set out on pages 14 to 40. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS101 Reduced Disclosure Framework.

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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 11, 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.

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 2 April 2016 and of the company's profit for the year 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 600 UK LIMITED (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 by the company, 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.

Nick Plumb **(Senior Statutory Auditor)**
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
16 December 2016

Profit and loss account

for the 53 week period ended 2 April 2016

	Note	53 week period ended 2 April 2016 £'000	52 week period ended 28 March 2015 £'000
Turnover	2	**11,937**	20,745
Cost of sales		**(9,064)**	(14,865)
Gross profit		**2,873**	5,880
Net operating expenses	3	**(3,083)**	(2,161)
Operating (loss)/profit		**(210)**	3,719
Financial income	8	**1,171**	895
Financial expense	9	**(58)**	(55)
Profit before tax		**903**	4,559
Income tax	10	**(807)**	(997)
Total profit for the financial period		**96**	3,562

The notes on pages 18 to 40 form part of these accounts.

There is no material difference between profit before tax and historical cost profit before tax.

Included within the prior year is £6.5m of revenue, £2.1m of gross profit and £nil of operating profit that relates to the Electrox business which was hived down in February 2015.

Statement of other comprehensive income
for the 53 week period ended 2 April 2016

	Notes	**53-week period ended 2 April 2016 £'000**	52-week period ended 28 March 2015 £'000
Profit for the period		**96**	3,562
Other comprehensive income/(expense)			
Items that will not be reclassified to the Income Statement:			
Remeasurement of the net defined benefit assets	21	**4,294**	12,276
Deferred taxation		**(1,503)**	(4,297)
Total items that will not be reclassified to the Income Statement		**2,791**	7,979
Items that are or may in the future be reclassified to the Income Statement:			
Revaluation reserve transferred to fellow subsidiary company		**-**	(289)
Intra-group foreign currency payables retranslated		**-**	(282)
Total items that are or may in the future be reclassified to the Income Statement		**-**	(571)
Other comprehensive income for the period, net of income tax		**2,791**	7,408
Total comprehensive income for the period		**2,887**	10,970
Attributable to:			
Equity holders of the Parent Company		**2,887**	10,970
Total recognised income		**2,887**	10,970

Balance sheet
at 2 April 2016

Company number: 144979

	Note	At 2 April 2016		At 28 March 2015	
		£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets	*11*		**29**		9
Tangible assets	*12*		**1,219**		1,219
Investments	*13*		**2,312**		2,312
Employee benefits	*21*		**41,973**		35,415
			45,533		38,955
Current assets					
Stocks	*14*	**3,269**		3,149	
Debtors	*15*	**3,528**		4,569	
Cash at bank and in hand		**205**		601	
		7,002		8,319	
Current liabilities: Trade and other payables	*16*	**(21,537)**		(21,164)	
Net current liabilities			**(14,535)**		(12,845)
Total assets less current liabilities			**30,998**		26,110
Non-current liabilities: Trade and other payables	*17*		**(574)**		(655)
Provisions	*19*		**(14,660)**		(12,578)
Net assets			**15,764**		12,877
Capital and reserves					
Called up share capital	*20*		**100**		100
Revaluation reserve			**-**		-
Other reserve			**15**		15
Retained earnings			**15,649**		12,762
			15,764		12,877

These financial statements were approved by the board of directors on 16 December 2016 and were signed on its behalf by:

N R Carrick, ***Director***

16 December 2016

The notes on pages 18 to 40 form part of these accounts.

Statement of changes in equity
at 2 April 2016

	Ordinary share capital £'000	Revaluation reserve £'000	Other reserve £'000	Retained earnings £'000	Total Equity £'000
At 29 March 2014	**100**	**289**	**15**	**1,503**	**1,907**
Profit for the period	-	-	-	3,562	3,562
Transfer to group company	-	(289)	-	-	(289)
Other comprehensive income:					
Intra-group foreign currency payables retranslated	-	-	-	(282)	(282)
Remeasurement of the net defined benefit assets	-	-	-	12,276	12,276
Deferred taxation	-	-	-	(4,297)	(4,297)
Total comprehensive income	-	(289)	-	11,259	10,970
At 28 March 2015	100	-	15	12,762	12,877
Profit for the period	-	-	-	96	96
Other comprehensive income:					
Remeasurement of the net defined benefit assets	-	-	-	4,294	4,294
Deferred taxation	-	-	-	(1,503)	(1,503)
Total comprehensive income	-	-	-	2,887	2,887
At 2 April 2016	**100**	**-**	**15**	**15,649**	**15,764**

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

600 UK Limited is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*. The accounts are prepared to the Saturday nearest to the company's accounting reference date of 31 March. The results for 2016 are for the 53 week period ended 2 April 2016. The results for 2015 are for the 52 week period ended 28 March 2015.

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

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

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of 600 Group PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- The disclosures required by IFRS 7 Financial Instrument Disclosures

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 April 2013 for the purposes of the transition to FRS 101

The company's ultimate parent undertaking, The 600 Group Plc, includes the company in its consolidated financial statements. The consolidated financial statements of The 600 Group Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from The 600 Group Plc, 1 Union Works, Union Street, Heckmondwike, West Yorkshire WF16 0HL.

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.

Notes (continued)

1 Accounting policies (continued)

Basis of preparation (continued)

The Company meets its day to day working capital requirements through a new increased facility agreed with HSBC Bank PLC. A package of facilities to support the working capital of the company and a term loan on the remaining freehold site in Colchester have been put in place totalling £4.95m.

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..

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.

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 2015.

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%

No depreciation is provided on freehold land.

Notes (continued)

1 Accounting policies (continued)

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 IAS 12.

Pension costs

The company operates both defined benefit and defined contribution pension schemes. The company's net obligation in respect of the defined benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in prior periods; that benefit is discounted to determine its present value and the fair value of any scheme assets is deducted. The discount rate for the scheme is based on the annualised yield on AA credit rated corporate bonds. The calculations are performed by a qualified actuary using the projected unit method. Actuarial gains and losses are recognised immediately through the statement of comprehensive income. The extent to which the schemes' assets exceed the liabilities is shown as a surplus in the balance sheet to the extent that the surplus is recoverable by the company. Further provision is made to the extent that the company has any additional obligation under a minimum funding requirement. The defined benefit scheme was closed to future accrual on 31 March 2013 after a period of consultation with employees and the agreement of the scheme trustees.

Items recognised in the income statement and statement of comprehensive income are as follows:

Notes (continued)

1 Accounting policies (continued)

Pension costs (continued)

WITHIN PROFIT FROM OPERATIONS

• past service cost – representing the increase in the present value of the defined benefit obligation resulting from employee service in prior periods, which arises from changes made to the benefits under the scheme in the current period. To the extent that the changes to benefits vest immediately, past service costs are recognised immediately, otherwise they are recognised on a straight-line basis over the vesting period; and

• gains and losses arising on settlements and curtailments – where the item that gave rise to the settlement or curtailment is recognised within operating profit.

BELOW PROFIT FROM OPERATIONS

• interest cost on the net asset or liability of the scheme – calculated by reference to the net scheme asset or liability and discount rate at the beginning of the period.

Within the statement of comprehensive income

• actuarial gains and losses arising on the assets and liabilities of the scheme.

Pension disclosure

Prior to the signing of a deed of apportionment, a split of the accounting surplus between group companies was not deemed possible and the multi-employer exemption was followed. As a result of the signing of the deed of apportionment the net pensions accounting surplus has now been recognised in full in the company.

Financial Instruments

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

Notes (continued)

2 Segment Information

Geographical segmental analysis of revenue is shown by destination in the following table:

Segmental analysis by destination:	**2016**		2015	
	£000	**%**	£000	%
Gross sales revenue:				
UK	**6,301**	**52.8**	7,859	37.9
Other European	**3,502**	**29.3**	6,654	32.1
North America	**658**	**5.5**	3,464	16.7
Middle East	**638**	**5.3**	874	4.2
Far East	**506**	**4.2**	1,431	6.9
Central and South America	**130**	**1.1**	147	0.7
Australasia	**111**	**0.9**	129	0.6
Africa	**91**	**0.8**	187	0.9
Revenue	**11,937**	**100.0**	20,745	100.0

There are no customers that represent 10% or more of the company's revenues. All turnover and results are generated from the one principal activity.

3 Net operating expenses

	53 week period ended 2 April 2016 £'000	52 week period ended 28 March 2015 £'000
Net operating expenses:		
Administration expenses	**2,104**	2,584
Distribution costs	**1,295**	1,606
Special items (see note 5)	**(316)**	(2,029)
	3,083	2,161

Notes (continued)

4 Operating profit

	53 week period ended 2 April 2016 £'000	52 week period ended 28 March 2015 £'000
Operating profit is stated after charging/(crediting)		
Auditors' remuneration:		
Audit fees	**15**	15
Depreciation of owned fixed assets	**214**	315
Depreciation of fixed assets held under finance leases	**14**	19
Amortisation of development expenditure	**5**	86
Research	**-**	209
Hire of plant and machinery – rentals payable under operating leases	**7**	6
Hire of other assets – operating leases	**32**	93
Pensions credit (note 5)	**(973)**	(2,347)
Other special items (note 5)	**657**	318

Audit fees are currently borne by the ultimate parent company.

5 Special items

	53 week period ended 2 April 2016 £'000	52 week period ended 28 March 2015 £'000
Pensions credit	**(973)**	(2,347)
Restructuring/reorganisation	**657**	40
Property write down	**-**	278
	(316)	(2,029)

The pensions credit relates to liability reduction exercises undertaken by the Trustees of the pension scheme including a pensions increase exchange.

During the financial year the Company incurred expenditure which was, in the reasonable opinion of the directors, non-recurring in nature. This amounted to £0.66m and related to restructuring and reorganisation (2015: £0.32m relating to restructuring and reorganisation, and a property write-down).

Notes (continued)

6 Remuneration of directors

No director received any emoluments in the current or preceding period in respect of their direct services to the company (2015: none). The remuneration of the directors for their service to The 600 Group Plc can be found in the statutory accounts of that company.

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	
	2016	2015
Management and administration	**7**	14
Production	**66**	93
Selling and distribution	**18**	28
	91	135

The aggregate payroll costs of these persons were as follows:

	53 week period ended 2 April 2016 £'000	52 week period ended 28 March 2015 £'000
Wages and salaries	**2,786**	4,526
Social security costs	**282**	471
Net pension scheme charge	**105**	174
	3,173	5,171

Redundancy costs of £222,204 are included in exceptional costs (note 5) during the 53 weeks ended 2 April 2016 (2015: £40,441).

8 Financial income

	53 week period ended 2 April 2016 £'000	52 week period ended 28 March 2015 £'000
Net interest on net defined benefit plan assets	**1,171**	895
	1,171	895

Notes (continued)

9 Financial expense

	53 week period ended 2 April 2016 £'000	52 week period ended 28 March 2015 £'000
Bank loan interest	**22**	27
Finance lease interest	**7**	10
Other interest	**29**	18
	58	55

10 Taxation

	53 week period ended 2 April 2016 £'000	52 week period ended 28 March 2015 £'000
Recognised in profit and loss:		
Current tax:		
Corporation tax at 20% (2015: 21%):	**-**	-
Prior period	**(3)**	-
Total current tax credit	**(3)**	-
Deferred taxation		
- Current period	**768**	1,071
- Relating to prior periods	**42**	(74)
Total deferred taxation (note 19)	**810**	997
Taxation charged to the profit and loss account	**807**	997
Recognised in equity:		
Deferred taxation on pensions	**1,503**	4,297

Notes (continued)

10 Taxation (continued)

Tax reconciliation

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:

	53 week period ended 2 April 2016 £'000	52 week period ended 28 March 2015 £'000
Profit on ordinary activities before tax	**903**	4,559
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 21%)	**181**	957
Effects of:		
Permanent differences	**-**	1
Fixed asset timing differences/chargeable gains	**-**	216
Income not taxable/expenses not deductible	**53**	-
Losses not recognised/(relieved)	**155**	(557)
Pension fund surplus taxed as higher rate	**321**	454
Deferred tax prior period adjustment	**39**	(74)
Impact of rate change	**58**	-
Tax charge for the period	**807**	997

Notes (continued)

11 Intangible Assets

	Development Expenditure £'000
Cost	
At 28 March 2015	9
Additions	25
At 2 April 2016	**34**
Amortisation	
At 28 March 2015	-
Charge for financial period	5
At 2 April 2016	**5**
Net Book value	
At 28 March 2015	9
At 2 April 2016	**29**

Notes *(continued)*

12 Property, plant and equipment

	Land and Buildings	Plant and Machinery	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 28 March 2015	515	9,371	136	10,022
Additions	-	220	8	228
Disposals	-	(454)	(24)	(478)
At 2 April 2016	515	9,137	120	9,772
Depreciation				
At 28 March 2015	15	8,731	57	8,803
Charge for financial period	16	194	18	228
Disposals	-	(454)	(24)	(478)
At 2 April 2016	31	8,471	51	8,553
Net book value				
At 28 March 2015	500	640	79	1,219
At 2 April 2016	**484**	**666**	**69**	**1,219**

Notes (continued)

12 Property, plant and equipment (continued)

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 2015 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.

Included in the total net book value of plant and machinery is £160,000 (2015: £184,000) in respect of assets held under finance leases. The depreciation charged in the period against assets held under finance leases was £24,000 (2015: £24,000).

13 Fixed asset investments

	Shares in subsidiary undertakings 2016 £'000	Shares in subsidiary undertakings 2015 £'000
Cost and net book value brought forward	**2,312**	-
Additions	**-**	2,312
Cost and net book value carried forward	**2,312**	2,312

During the prior period the company acquired 100% of the ordinary shares of Electrox Laser Limited, which subsequently acquired the business and assets of the Electrox division from the company.

Subsidiary undertakings	**Country of registration**	**Principal activity**	**Class and percentage of shares held**
Electrox Laser Limited	England and Wales	Laser marking	£1 Ord 100%

14 Stocks

	2016 £'000	2015 £'000
Raw materials and consumables	**97**	92
Work in progress	**498**	518
Finished goods and goods for resale	**2,674**	2,539
	3,269	3,149

During the year the company conducted a review of the net realisable value of its stock carrying values with additional provisions of £0.35m being required (2015: £nil). £5.8m of cost of sales for the year related to stock (2015: £7.1m).

Notes (continued)

15 Debtors

	2016	2015
	£'000	£'000
Trade debtors	**1,682**	2,194
Amounts owed by parent and fellow subsidiary undertakings	**367**	873
Other debtors	**5**	4
Prepayments and accrued income	**285**	150
Deferred tax asset (note 19)	**1,189**	1,348
	3,528	4,569

The ageing analysis of gross trade receivables, before provisions, is as follows:

	2016	2015
	£000	£000
Current (not overdue and no provision held)	**1,325**	1,548
Overdue but no provision held:		
– 0–3 months overdue	**165**	523
– 3–6 months overdue	**137**	45
– 6–12 months overdue	**29**	7
– more than 12 months overdue	**78**	112
Total gross trade receivables before provision	**1,734**	2,235

As at 2 April 2016, trade receivables that were neither past due nor impaired related to a number of independent customers for whom there is no recent history of default.

The other classes of debtors do not contain impaired assets.

Notes (continued)

16 Current liabilites: Trade and other payables

	2016 £'000	2015 £'000
Trade creditors	**1,287**	1,463
Trade finance	**646**	644
Bank loan	**72**	90
Amounts owed to fellow subsidiary undertakings	**19,137**	18,263
Obligations under finance leases (note 18)	**54**	56
Other taxes and social security	**151**	144
Other creditors	**68**	352
Accruals and deferred income	**122**	152
	21,537	21,164

17 Non-current liabilities: Trade and other payables

	2016 £'000	2015 £'000
Bank loan	**540**	612
Obligations under finance leases (note 18)	**34**	43
	574	655

18 Obligations under finance leases

The maturity of obligations under finance leases is as follows:

	2016 £'000	2015 £'000
Falling due:		
– within one year	**59**	62
– within two to five years	**38**	48
– less future finance charges	**(9)**	(11)
	88	99
Amounts falling due within one year	**54**	56
Amounts falling due after one year	**34**	43

Notes *(continued)*

19 Provisions

	2016	2015
	£'000	£'000
Deferred tax	**14,648**	12,494
Other provisions	**12**	84
	14,660	12,578

Other provisions relate in the main to bonus provisions. Prior year provisions related in the main to dilapidations.

Deferred Taxation

The period end deferred taxation balance comprises:	**2016 Provided £'000**	2015 Provided £'000
Assets:		
Accelerated capital allowances and other revenue items	**(694)**	(839)
Tax losses	**(479)**	(504)
Other short term timing differences	**(16)**	(5)
Included in debtors (note 15)	**(1,189)**	(1,348)
Liabilities:		
Research and development	**-**	99
Employee benefits – pension scheme surplus	**14,648**	12,395
	14,648	12,494
Net deferred tax liabilities	**13,459**	11,146

Notes *(continued)*

19 Provisions *(continued)*

Analysis of net deferred tax liabilities:

	28 March 2015	Recognised in income	Recognised in equity	2 April 2016
	£'000	£'000	£'000	£'000
Tangible fixed assets	839	(145)	-	694
Employee benefits	(12,395)	(750)	(1,503)	(14,648)
Tax value of loss carry forwards utilised	504	(25)	-	479
Research and development	(99)	99	-	-
Other	5	11	-	16
	(11,146)	(810)	(1,503)	(13,459)

There is an unrecognised deferred tax asset of £2,425,000 (2015: £2,631,000) in respect of losses.

Deferred tax has been provided for at the rate of 19% (2015 – 20%).

Movement on other provisions during the period:	**2016**	2015
	£'000	£'000
Brought forward	**84**	371
Provided	**-**	-
Utilised	**(72)**	(287)
Carried forward	**12**	84

Other provisions relate in the main to bonus provisions.

Notes *(continued)*

20 Called up share capital

	2016	2015
	£'000	£'000
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	**100**	100

21 Employee benefits

The company operates one defined benefit pension scheme. The assets of this scheme are held in a separate trustee-administered fund.

The benefits from this scheme are based upon years of pensionable service and pensionable remuneration of the employee as defined under the scheme provisions.

The most recent triennial full valuation was carried out as at 31 March 2013.

MORTALITY RATES

The mortality assumptions for the scheme are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member who retires in 2016 at age 65 will live on average for a further 21.6 years (2015: 21.6 years) after retirement if male and for a further 23.6 years (2015: 23.6 years) after retirement if female.

For a member who is currently aged 45 retiring in 2036 at age 65, the assumptions are that they will live on average for a further 22.7 years (2015: 22.7 years) after retirement if they are male and for a further 24.6 years (2015: 24.6 years) after retirement if they are female.

IAS 19

Disclosures in accordance with IAS 19 are set out below. The principal assumptions used for the purpose of the IAS 19 valuation were as follows:

	2016	2015
	% p.a.	% p.a.
Inflation under RPI	**2.85**	2.85
Inflation under CPI	**1.85**	1.85
Rate of general long-term increase in salaries	**n/a**	n/a
Rate of increase for CARE benefit while an active member	**n/a**	n/a
Rate of increase to pensions in payment – LPI 5%	**2.80**	2.80
Rate of increase to pensions in payment – LPI 2.5%	**2.05**	2.10
Discount rate for scheme liabilities	**3.60**	3.30

Notes *(continued)*

21 Employee benefits (continued)

IAS 19 CONTINUED

	Expected return on assets					
	Long-term rate of return expected at	**Value at**	Long-term rate of return expected at	Value at	Long-term rate of return expected at	Value at
	2 April 2016	**2 April 2016**	28 March 2015	28 March 2015	29 March 2014	29 March 2014
	% p.a.	**£m**	% p.a.	£m	% p.a.	£m
Equities	**3.60**	**52.70**	3.30	52.80	4.50	40.10
Property	**3.60**	**9.80**	3.30	9.90	4.50	21.20
LDI funds	**3.60**	**72.40**	3.30	83.30	4.50	69.60
Government bonds	**3.60**	**n/a**	3.30	n/a	4.50	n/a
Corporate bonds	**3.60**	**23.20**	3.30	23.20	4.50	14.60
Absolute Return	**3.60**	**44.30**	3.30	44.80	4.50	31.20
Other	**3.60**	**17.00**	3.30	15.20	4.50	19.00
Combined	**3.60**	**219.40**	3.30	229.20	4.50	195.70

Assumed healthcare cost trend rates have a significant effect on the amounts recognised in the income statement.

The assets and liabilities of the schemes at 2 April 2016 and 28 March 2015 were:

	2016	2015
	£000	£000
Assets	**219,400**	229,200
Liabilities	**(177,427)**	(193,785)
Surplus	**41,973**	35,415

Notes *(continued)*

21 Employee benefits (continued)

IAS 19 CONTINUED

Following a change to UK scheme rules in September 2012 the accounting surplus can now be recognised on the company balance sheet under IFRIC 14

Amounts recognised in the income statement in respect of the defined benefit schemes before taxation are as follows:

	2016	2015
	£000	£000
Included within operating profit:		
– past service credit (Special Items)	**-**	(2,347)
– settlements (Special Items)	**(973)**	-
Included within financial income:		
–Interest on pension surplus	**(1,171)**	(895)

Notes *(continued)*

21 Employee benefits (continued)

IAS 19 CONTINUED

Movements in net defined benefit liability/asset:

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (liability)/ asset	
	2016	2015	**2016**	2015	**2016**	2015
	£000	£000	**£000**	£000	**£000**	£000
Balance at start of year	**193,785**	175,803	**229,200**	195,700	**35,415**	19,897
Included in profit or loss						
Current service cost	**-**	-	**-**	-	**-**	-
Past service credit	**-**	(2,347)	**-**	-	**-**	2,347
Interest cost	**6,160**	7,658	**-**	-	**(6,160)**	(7,658)
Return on plan assets excluding interest income	**-**	-	**7,331**	8,553	**7,331**	8,553
Included in OCI						
Actuarial loss (gain) arising from						
- Experience adjustment	**(7,203)**	24,062	**(2,909)**	36,338	**4,294**	12,276
Other						
Contributions paid by the employer	**-**	-	**120**	-	**120**	-
Benefits paid	**(14,342)**	(11,391)	**(14,342)**	(11,391)	**-**	-
Settlements	**(973)**	-	**-**	-	**973**	-
Balance at end of year	**177,427**	193,785	**219,400**	229,200	**41,973**	35,415

Notes *(continued)*

21 Employee benefits (continued)

IAS 19 CONTINUED

The history of the schemes for the current and prior period before taxation is as follows:

	2016	2015
	£000	£000
Defined benefit obligation	**(177,427)**	(193,785)
Defined benefit assets	**219,400**	229,200
Surplus in the scheme	**41,973**	35,415
Experience adjustments on the scheme liabilities	**(7,203)**	(24,062)
Experience adjustments on scheme assets	**(2,909)**	36,338
Exchange differences	**-**	-

Following the closure of the UK scheme to future accrual there will be no further payments to the scheme. Pension provision has been replaced by a money purchase arrangement in the UK.

History of asset values, defined benefit obligation and surplus/deficit in scheme:

	2 April	28 March	29 March	30 March	31 March
	2016	2015	2014	2013	2012
	£000	£000	£000	£000	£000
Fair value of scheme assets	**219,400**	229,200	195,700	203,300	187,780
Defined benefit obligation	**(177,427)**	(193,785)	(175,803)	(183,840)	(174,840)
Surplus in schemes	**41,973**	35,415	19,897	19,460	12,940
Unrecognised asset due to limit in paragraph 58 (b) of IAS 19	**-**	-	-	-	(12,940)
Surplus /(Deficit) in schemes	**41,973**	35,415	19,897	19,460	-

	2016	2015	2014	2013	2012
	£000	£000	£000	£000	£000
History of experience gains and losses					
Experience (losses)/gains on scheme assets	**(2,909)**	36,338	(5,757)	13,764	13,780
Experience gains/(losses) on scheme liabilities[1]	**(7,203)**	(24,062)	5,360	638	(6,580)

[1] This item consists of gains/(losses) in respect of liability experience only, and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

Notes *(continued)*

22 Contingent liabilities

	2016	2015
	£	£
Third party guarantees	**-**	-
Total contingent liabilities	**-**	-

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 2 April 2016 this contingent liability amounted to £nil (2015: £nil).

23 Commitments

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

	2016	2015
	£'000	£'000
Contracted	**-**	-

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

	2016		2015	
	Land and buildings £'000	**Other £'000**	Land and Buildings £'000	Other £'000
Operating leases which expire				
Within one year	**177**	**14**	177	59
In the second to fifth years inclusive	**740**	**9**	706	23
Over five years	**394**	**-**	551	-
	1,311	**23**	1,434	82

All land and buildings commitments at 2 April 2016 related to the Heckmondwike property.

Notes *(continued)*

24 Related parties

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

During the respective periods, the company transacted with its parent undertaking and fellow group undertakings as follows:

	Sales to	Sales to	**Administrative expenses incurred from**	Administrative expenses incurred from
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Parent undertaking	**-**	-	**994**	220
Fellow group undertakings	**710**	1,402	**-**	-
	710	1,402	**994**	220

25 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 1 Union Works, Union Street, Heckmondwike, West Yorkshire, WF16 0HL.