

Consolidated Financial Statements Tappex Thread Inserts Limited

For the Year Ended 31 December 2015



Company Registration No. 00575166

Company information

Company registration number	575166
Registered office	Masons Road Stratford Upon Avon Warwickshire CV37 9NT
Directors	J S M Bebbington T J R Barnsdale
Secretary	J S M Bebbington
Bankers	HSBC Bank plc 11 High Street Warwick Warwickshire CV34 4AS
Auditor	RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) Chartered Accountants St Philips Point Temple Row Birmingham B2 5AF

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Strategic Report

The directors submit their Strategic Report for the group for the year ended 31 December 2015.

Principal activities and business review

The group as a whole improved its operating profitability before extraordinary items during 2015.

In order to maintain our competitive pricing, as a hedge, investment continues to be made in the areas of mining shares and related ETFs, although the shares in the mining sector have been hit adversely.

With the increased demand at Tappex the new machine shop has been located in the current building and the Finished Goods Store area moving to the new building, this will lead to the purchase of further CNC machines as a result of the growth in the patented parts, which in turn have helped the increase in profitability in all areas.

Worldwide growth is being experienced and is set to continue in 2016.

Overseas subsidiaries are still experiencing trading difficulties, both in terms of the problems in the home market and the wildly fluctuating exchange rates, but Tappex continues to fully support them.

The profit for the year, after taxation, amounted to £236,151 (2014: profit of £523,935).

Financial risk management objectives and policies

Economic conditions

General economic conditions remain unclear at the moment, but the directors continue to monitor the position closely.

The group uses various financial instruments which include cash, and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below.

The main risks arising from the group's financial instruments are currency risk, price risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Currency risk

The group is exposed to translation and transaction foreign exchange risk.

About 66% (2014: 65%) of the group's sales from the UK are to customers overseas. These sales are priced in sterling and invoiced mainly in sterling.

Price risk

The group's exposure to price risk consists mainly of movements in the value of the group's current asset investments. The company employs an investment manager who works within guidelines set out by the Board. These guidelines include limits on the total investment in any one particular equity instrument and in any one sector of the market. The aim is to try to diversify away price risk, as far as possible.

The directors keep under review these guidelines and review the performance of the investments and the performance of the investment manager against the guidelines set by the directors.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Credit risk

The group's principal financial assets are current asset investments, cash and trade debtors. The principal credit risk arises from its trade debtors.

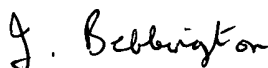
In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

No one customer exposes the group to a significant risk.

Key performance indicators

In the height of the recession and difficult economic conditions, the directors main focus has been on cash management and bringing costs in line with activity levels.

BY ORDER OF THE BOARD



J S M Bebbington
Secretary

21 July 2016

Report of the directors

The directors submit their report and the group financial statements for the year ended 31 December 2015.

Directors

The following directors have held office since 1 January 2015:

J S M Bebbington
T J R Barnsdale

Dividends

The company paid a dividend of £200,000 during the year (2014: £200,000).

Future developments

The directors consider economic prospects to be favourable and are continuing to upgrade CNC and other machines in order to meet increased demand.

Fixed assets

The directors are of the opinion that in aggregate the market value of land and buildings exceeds its book value. The directors are unable to quantify this excess.

Post balance sheet events

Subsequent to the year end, the group disposed of its long leasehold property for consideration of £725,000 resulting in a profit on disposal of £434,000.

Matters of strategic importance

The details of financial instruments required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 have been included in the separate Strategic report in accordance with Section 414C(II) of the Companies Act 2006.

Auditors

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company received notice under section 488(1) of the Companies Act 2006.

Statement as to disclosure of information to auditors

In so far as the directors are aware:

- there is no relevant audit information of which the group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

BY ORDER OF THE BOARD



J S M Bebbington
Secretary

21 July 2016

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and the company and of the profit or loss of the group and 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAPPEX THREAD INSERTS LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 8 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Standard applicable in the UK and Republic of Ireland".

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 more fully explained in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 (APB'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 <http://www.frc.org.uk/auditscopeukprivate>

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and the Strategic 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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



GARY MORETON (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor

Chartered Accountants

St Philips Point

Temple Row

Birmingham

B2 5AF

21 July 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

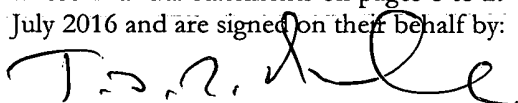
	Note	2015 £	2014 £
Turnover	1	7,054,732	7,237,160
Cost of sales		(3,941,359)	(4,155,566)
Gross profit		3,113,373	3,081,594
Distribution costs	2	(399,107)	(388,829)
Administrative expenses	2	(2,174,078)	(2,237,976)
Other operating income	3	-	183,000
Operating profit	3	540,188	637,789
Interest receivable and similar income	6	51,592	92,032
Interest payable and similar charges		(6,000)	(7,000)
Fair value movements on investments	13	(267,513)	(5,517)
Realised (losses)/gains on disposal of investments	13	(2,289)	17,990
Profit on ordinary activities before taxation		315,978	735,294
Tax on profit on ordinary activities	7	(79,827)	(211,359)
Profit on ordinary activities after taxation and profit for the financial year		<u>236,151</u>	<u>523,935</u>
Other comprehensive income net of taxation			
Currency translation differences		6,833	30,211
Other comprehensive income		<u>6,833</u>	<u>30,211</u>
Total comprehensive income for the year		<u>242,984</u>	<u>554,146</u>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

STATEMENTS OF FINANCIAL POSITION Company Registration No. 00575166

	Note	Group 2015 £	2014 £	Company 2015 £	2014 £
Fixed assets					
Tangible assets	9	2,895,359	1,293,325	2,568,701	966,714
Investments	10	-	-	601,137	601,285
		<u>2,895,359</u>	<u>1,293,325</u>	<u>3,169,838</u>	<u>1,567,999</u>
Current assets					
Stocks	11	2,184,544	2,029,925	1,344,138	1,268,373
Debtors	12	1,355,305	1,120,203	1,697,441	1,500,254
Investments	13	1,906,881	2,048,465	1,560,381	1,601,594
Cash at bank and in hand		966,711	2,733,945	626,558	2,094,008
		<u>6,413,441</u>	<u>7,932,538</u>	<u>5,228,518</u>	<u>6,464,229</u>
Creditors: amounts falling due within one year	14	<u>(1,123,396)</u>	<u>(1,146,474)</u>	<u>(778,473)</u>	<u>(876,876)</u>
Net current assets		<u>5,290,045</u>	<u>6,786,064</u>	<u>4,450,045</u>	<u>5,587,353</u>
Total assets less current liabilities		<u>8,185,404</u>	<u>8,079,389</u>	<u>7,619,883</u>	<u>7,155,352</u>
Provisions for liabilities					
Deferred taxation	15	<u>(138,504)</u>	<u>(75,473)</u>	<u>(138,504)</u>	<u>(60,259)</u>
Net assets		<u>8,046,900</u>	<u>8,003,916</u>	<u>7,481,379</u>	<u>7,095,093</u>
Capital and reserves					
Called-up equity share capital	20	9,000	9,000	9,000	9,000
Share premium account	21	26,000	26,000	26,000	26,000
Revaluation reserve	21	21,023	21,023	21,023	21,023
Capital redemption reserve	21	3,000	3,000	3,000	3,000
Profit and loss account		7,987,877	7,944,893	7,422,356	7,036,070
Total equity		<u>8,046,900</u>	<u>8,003,916</u>	<u>7,481,379</u>	<u>7,095,093</u>

These financial statements on pages 8 to 29 were approved by the directors and authorised for issue on 21 July 2016 and are signed on their behalf by:



Mr T J R Barnsdale
 Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2014		9,000	26,000	21,023	3,000	7,590,747	7,649,770
Profit for the year		-	-	-	-	523,935	523,935
Other comprehensive income, net of taxation:		-	-	-	-	-	-
Currency translation differences on overseas subsidiaries		-	-	-	-	30,211	30,211
Total comprehensive income for the year		-	-	-	-	554,146	554,146
Dividends		-	-	-	-	(200,000)	(200,000)
Balance at 31 December 2014		9,000	26,000	21,023	3,000	7,944,893	8,003,916
Profit for the year		-	-	-	-	236,151	236,151
Other comprehensive income, net of taxation:		-	-	-	-	-	-
Currency translation differences on overseas subsidiaries		-	-	-	-	6,833	6,833
Total comprehensive income for the year		-	-	-	-	242,984	242,984
Dividends		-	-	-	-	(200,000)	(200,000)
Balance at 31 December 2015		9,000	26,000	21,023	3,000	7,987,877	8,046,900

COMPANY STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2014		9,000	26,000	21,023	3,000	6,439,610	6,498,633
Profit for the year		-	-	-	-	796,460	796,460
Total comprehensive income for the year		-	-	-	-	796,460	796,460
Dividends		-	-	-	-	(200,000)	(200,000)
Balance at 31 December 2014		9,000	26,000	21,023	3,000	7,036,070	7,095,093
Profit for the year		-	-	-	-	586,286	586,286
Total comprehensive income for the year		-	-	-	-	586,286	586,286
Dividends		-	-	-	-	(200,000)	(200,000)
Balance at 31 December 2015		9,000	26,000	21,023	3,000	7,422,356	7,481,379

Consolidated statement of cash flows

	Note	2015 £	2014 £
Operating activities	23		
Cash generated from operations		529,659	1,776,344
Income taxes paid		(261,506)	(132,250)
Net cash from operating activities		<u>268,153</u>	<u>1,644,094</u>
Investing activities			
Payments to acquire tangible fixed assets		(1,780,441)	(253,902)
Proceeds from disposal of tangible fixed assets		5,850	-
Payment to acquire other current asset investments		(640,042)	(660,331)
Proceeds from disposal of current asset investments		511,824	330,867
Interest received		51,592	92,032
Net cash used in investing activities		<u>(1,851,217)</u>	<u>(491,334)</u>
Financing activities			
Repayment of borrowings		-	(7,428)
Dividends paid		(200,000)	(200,000)
Interest paid		(6,000)	(7,000)
Net cash used in financing activities		<u>(206,000)</u>	<u>(214,428)</u>
Net (decrease)/ increase in cash and cash equivalents		<u>(1,789,064)</u>	<u>938,332</u>
Cash and cash equivalents at beginning of year		2,676,945	1,736,687
Effect of foreign exchange rate changes		830	1,926
Cash and cash equivalents at end of year		<u>888,711</u>	<u>2,676,945</u>
Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		966,711	2,733,945
Overdrafts included in "creditors: amounts falling due within one year"		(78,000)	(57,000)
		<u>888,711</u>	<u>2,676,945</u>

Principal accounting policies

Company information

Tappex Thread Inserts Limited is a private company limited by shares, domiciled and incorporated in England. The registered office and principal place of business is Masons Road, Stratford Upon Avon, Warwickshire, CV37 9NT.

Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include the revaluation of freehold properties and to include certain financial instruments at fair value.

The consolidated financial statements are presented in sterling which is the functional currency of the group.

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's profit for the year and total comprehensive income for the year was £586,286 (2014: £796,460).

These consolidated and company financial statements are the first consolidated and company financial statements of Tappex Thread Inserts Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The consolidated and company financial statements of Tappex Thread Inserts Limited for the year ended 31 December 2014 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in retained earnings at the transition date.

Basis of consolidation

The consolidated financial statements incorporate those of Tappex Thread Inserts Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December 2015.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

Going concern

The group is profitable and at 31 December 2015 had cash and investments of some £2.9m. The directors therefore have at the time of approving the financial statements, a reasonable expectation that the group and the company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. These financial statements are prepared on the going concern basis.

Principal accounting policies (continued)

Turnover

Turnover is the amount receivable on the goods supplied by the group, excluding VAT and trade discounts and is recognised on despatch of the goods.

Investment income

Dividend income from the Group's trade investments is recognised when the Group's right to receive payment is established.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Long leasehold property - Over the term of the lease

Plant & machinery - Over two to five years

Motor vehicles - Over four years

No depreciation is provided on freehold buildings. The group follows a programme of regular maintenance of its property such that, in the opinion of the directors, the residual value would be sufficiently high to make any depreciation charge immaterial.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost for raw materials and goods for resale is the purchase cost on a first in, first out basis.

Costs of finished goods and work in progress include overheads appropriate for the stage of manufacture. Provision is made for obsolete and non-moving items.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial assets

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

Principal accounting policies (continued)

Trade investments

Trade investments are equity investments over which the Group has no significant influence, joint control or control and are initially measured at transaction price. Transaction price includes transaction costs, except where trade investments are measured at fair value through profit or loss when transaction costs are expensed to profit or loss as incurred.

Trade investments in non-convertible and non-puttable preference shares or non-puttable ordinary shares are measured at fair value through profit or loss.

The fair value of trade investments quoted on a recognised stock exchange is the quoted bid price. The fair value of unlisted investments is measured using valuation techniques which include turnover multiple, earnings multiple, net assets or discounted cash flows, as appropriate, based on the nature and circumstances of the investment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Principal accounting policies (continued)

Retirement benefits

The group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the group. The annual contributions payable are charged to the profit and loss account. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Assets and liabilities of overseas subsidiaries are translated in the group's presentation currency at the rates ruling at the reporting date.

Principal accounting policies (continued)

Investments

Short term investments are classified as current assets and are classified as financial instruments and accounted for in accordance with the accounting policy at fair value through profit and loss.

Investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Impairments

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments. All impairment losses are recognised in the profit and loss account.

Operating leases

The annual rentals are charged to the profit and loss on a straight line basis over the lease term.

Dividends

Dividends are recognised as liabilities once they are no longer at the discretion of the company.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

There are no critical accounting estimates.

Critical areas of judgement

Stocks are valued at the lower of cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made which include forecast consumer demand, the promotional, competitive and economic environment and stock loss trends.

Notes to the financial statements

1 Turnover

A geographical analysis of turnover is given below:

	2015	2014
	£	£
United Kingdom	2,411,719	2,521,987
Other European countries	4,211,122	4,206,052
Rest of world	431,891	509,121
	<u>7,054,732</u>	<u>7,237,160</u>

All of the group's turnover relates to sale of goods.

2 Other operating charges

	2015	2014
	£	£
Distribution costs	399,107	388,829
Administrative expenses	2,174,078	2,237,976
	<u>2,573,185</u>	<u>2,626,805</u>

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/ (crediting):

	2015	2014
	£	£
Depreciation of owned fixed assets	176,549	156,628
Profit on disposal of fixed assets	(5,850)	-
Tax refund from HMRC – prior year pension payment	-	(183,000)
Auditor's remuneration - audit of the financial statements	40,000	40,000
- taxation services	12,000	12,000
	<u>176,549</u>	<u>156,628</u>

4 Directors and employees

The average number of staff employed by the group including directors during the financial year amounted to:

	2015	2014
	No	No
Number of production staff	33	36
Number of administrative staff	34	32
	<u>67</u>	<u>68</u>

The aggregate staff costs of the above were:

	2015	2014
	£	£
Wages and salaries	2,507,738	2,433,353
Social security costs	321,890	469,682
Other pension costs	62,187	68,212
	<u>2,891,815</u>	<u>2,971,247</u>

5 Directors

Remuneration in respect of directors of Tappex Thread Inserts Limited was as follows:

	2015	2014
	£	£
Emoluments receivable	263,644	255,598
Company contributions to money purchase pension schemes	-	-
	<u>263,644</u>	<u>255,598</u>

Emoluments of highest paid director:

	2015	2014
	£	£
Total emoluments (excluding pension contributions)	165,586	158,756
Company contributions to money purchase pension schemes	-	-
	<u>165,586</u>	<u>158,756</u>

The number of directors who accrued benefits under group pension schemes was as follows:

	2015	2014
	No	No
Money purchase schemes	-	-

6 Interest receivable and similar income

	2015	2014
	£	£
Investment income receivable	51,592	46,032
Interest on HMRC refund	-	46,000
	<u>51,592</u>	<u>92,032</u>

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2015 £	2014 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 20.25% (2014 – 21.5%)	24,938	204,006
Adjustment in respect of prior periods	-	556
Total current tax	<u>24,938</u>	<u>204,562</u>
Deferred tax:		
Origination and reversal of timing differences (note 15)	54,889	6,797
Tax on profit on ordinary activities	<u>79,827</u>	<u>211,359</u>

(b) Factors affecting current tax charge

The tax rate for the current period is lower than the prior period due to changes in the UK corporation tax rate which decreased from 21 % to 20% from 1 April 2015.

Further reductions to the UK Corporation tax rates were substantively enacted as part of the Summer Finance Bill 2015 on 26 October 2015. These reduce the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. The deferred tax assets and liabilities reflect these rates.

	2015 £	2014 £
Group profit on ordinary activities before taxation	<u>315,978</u>	<u>735,294</u>
Group profit on ordinary activities multiplied by the standard rate of tax	63,985	158,088
Expenses not deductible for tax purposes	55,936	10,772
Adjustment in respect of prior periods	-	556
Income not taxable for tax purposes	(9,516)	(22,304)
Other short term timing differences	(14,011)	2,166
Marginal relief	(105)	-
Tax losses carried forward	44,348	61,747
Fixed asset differences	1,408	(1,123)
Chargeable (loss)/gains	<u>(62,218)</u>	<u>1,457</u>
Group tax charge for the year (note 7(a))	<u>79,827</u>	<u>211,359</u>

8 Profit attributable to members of the parent company

	2015 £	2014 £
Dealt with in the financial statements of the parent company	<u>586,286</u>	<u>796,460</u>

9 Tangible fixed assets

GROUP:	Freehold property £	Long leasehold property £	Plant & machinery £	Motor vehicles £	Total £
Cost or valuation:					
At 1 January 2015	556,889	468,634	3,340,344	266,282	4,632,149
Additions	1,491,564	-	281,020	7,857	1,780,441
Disposals	-	-	-	(48,682)	(48,682)
Exchange adjustments	-	-	(1,200)	(1,888)	(3,088)
At 31 December 2015	<u>2,048,453</u>	<u>468,634</u>	<u>3,620,164</u>	<u>223,569</u>	<u>6,360,820</u>
Depreciation:					
At 1 January 2015	-	170,579	2,980,456	187,789	3,338,824
Charge for the year	-	7,000	142,923	26,626	176,549
Disposals	-	-	-	(48,682)	(48,682)
Exchange adjustments	-	-	(757)	(473)	(1,230)
At 31 December 2015	<u>-</u>	<u>177,579</u>	<u>3,122,622</u>	<u>165,260</u>	<u>3,465,461</u>
Net book value:					
At 31 December 2015	<u>2,048,453</u>	<u>291,055</u>	<u>497,542</u>	<u>58,309</u>	<u>2,895,359</u>
At 31 December 2014	<u>556,889</u>	<u>298,055</u>	<u>359,888</u>	<u>78,493</u>	<u>1,293,325</u>
COMPANY:		Freehold property £	Plant & machinery £	Motor vehicles £	Total £
Cost or valuation:					
At 1 January 2015		556,889	2,797,442	157,353	3,511,684
Additions		1,491,564	264,806	7,857	1,764,227
Disposals		-	-	(25,320)	(25,320)
At 31 December 2015		<u>2,048,453</u>	<u>3,062,248</u>	<u>139,890</u>	<u>5,250,591</u>
Depreciation:					
At 1 January 2015		-	2,449,429	95,541	2,544,970
Charge for the year		-	139,371	22,869	162,240
Disposals		-	-	(25,320)	(25,320)
At 31 December 2015		<u>-</u>	<u>2,588,800</u>	<u>93,090</u>	<u>2,681,890</u>
Net book value:					
At 31 December 2015		<u>2,048,453</u>	<u>473,448</u>	<u>46,800</u>	<u>2,568,701</u>
At 31 December 2014		<u>556,889</u>	<u>348,013</u>	<u>61,812</u>	<u>966,714</u>

Included within freehold property included above is a property valued at £171,287 in 1964. If this had not been revalued, it would have been included on the historical cost basis at £150,264. That valuation has been frozen, as the group took advantage of the transitional provisions, on the adoption of FRS 102.

10 Fixed asset investments

COMPANY	Subsidiary undertakings £
Cost:	
At 1 January 2015	601,285
Disposals	(148)
At 31 December 2015	<u>601,137</u>
Provisions for impairment:	
At 1 January 2015 and 31 December 2015	<u>-</u>
Net book value:	
At 31 December 2015	<u>601,137</u>
At 31 December 2014	<u>601,285</u>

At 31 December 2015, the company held 100% of the allotted ordinary share capital of the following undertakings:

	Country of incorporation	Nature of business
Pressavon Limited	England	Presswork and assemblies
AB C Edgren	Sweden	Sale of industrial fasteners
Tappex Finland Oy	Finland	Sale of industrial fasteners
Strat-o-matic Limited	England	Dormant
Ultrasonic Inserts Limited	England	Dormant
Adbar (Patent Co.) Limited	England	Dormant

The above three dormant companies have been dissolved and struck off the Companies House register.

For consolidation purposes the financial statements of the foreign subsidiaries have been converted into sterling. The exchange rate used for the profit and loss account has been the average rate for the year and the balance sheet has been converted at the rate ruling at the balance sheet date.

	2015	2014
Exchange rates used:		
AB C Edgren (Swedish Krona to £1)		
- Average for year	12.89	11.30
- At 31 December	12.46	12.15
Tappex Finland Oy (Euros to £1)		
- Average for year	1.38	1.24
- At 31 December	1.36	1.29

11 Stocks

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Raw materials	149,806	182,331	112,729	164,735
Finished goods	2,034,738	1,847,594	1,231,409	1,103,638
	<u>2,184,544</u>	<u>2,029,925</u>	<u>1,344,138</u>	<u>1,268,373</u>

12 Debtors

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Due within one year:				
Trade debtors	885,089	849,595	569,829	622,776
Amounts owed by group undertakings	-	-	729,244	649,670
Other debtors	137,169	24,007	93,230	970
Prepayments and accrued income	49,843	46,601	30,076	26,838
Taxation recoverable	200,000	200,000	200,000	200,000
Corporate tax recoverable	75,062	-	75,062	-
Deferred tax asset	8,142	-	-	-
	<u>1,355,305</u>	<u>1,120,203</u>	<u>1,697,441</u>	<u>1,500,254</u>

13 Current asset investments

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Listed investments	<u>1,906,881</u>	<u>2,048,465</u>	<u>1,560,381</u>	<u>1,601,594</u>
Historical cost	<u>2,031,999</u>	<u>1,866,285</u>	<u>1,581,012</u>	<u>1,444,103</u>

The fair values of the listed equity investments are based on quoted market prices for the equity shares using the current bid price.

Movements in fair value during the year:

	Group	Company
	2015	2015
	£	£
1 January 2015	2,048,465	1,601,594
Additions	880,123	793,683
Disposal proceeds	(511,824)	(450,817)
Cash movements	(240,081)	(226,965)
Fair value movements	(267,513)	(154,073)
Losses on disposal	(2,289)	(3,041)
	<u>1,906,881</u>	<u>1,560,381</u>
31 December 2015		

14 Creditors: amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank overdraft	78,000	57,000	-	-
Trade creditors	374,479	328,054	230,599	201,214
Corporation tax	-	161,506	-	161,506
Other taxation and social security	65,566	77,122	61,715	72,451
Other creditors	106,867	80,932	20,760	13,348
Accruals and deferred income	498,484	441,860	465,399	428,357
	<u>1,123,396</u>	<u>1,146,474</u>	<u>778,473</u>	<u>876,876</u>

The bank overdraft is secured against the assets of the overseas subsidiary AB C Edgren.

15 Deferred taxation

The movement in the deferred taxation provision during the year was:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Provision brought forward	75,473	68,676	60,259	54,915
Profit and loss account movement arising during the year	54,889	6,797	78,245	5,344
Provision carried forward	<u>130,362</u>	<u>75,473</u>	<u>138,504</u>	<u>60,259</u>

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Provision for deferred tax has been made as follows:				
Deferred tax liabilities	138,504	75,473	138,504	60,259
Deferred tax assets	(8,142)	-	-	-
Net position at 31 December	<u>130,362</u>	<u>75,473</u>	<u>138,504</u>	<u>60,259</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Deferred tax liabilities:				
Excess of taxation allowances over depreciation on fixed assets	153,403	39,037	142,618	28,761
Assets measured at fair value	(14,899)	36,436	(4,114)	31,498
	<u>138,504</u>	<u>75,473</u>	<u>138,504</u>	<u>60,259</u>

15 Deferred taxation (continued)

	Group 2015 £	2014 £	Company 2015 £	2014 £
Deferred tax assets:				
Assets measured at fair value	<u>(8,142)</u>	<u>-</u>	<u>-</u>	<u>-</u>

The group has unutilised capital losses of £403,488 at 31 December 2015 (2014: £24,193). A deferred tax asset has not been recognised on these losses due to uncertainty regarding the availability of suitable capital profits against which they can be recovered.

16 Capital commitments

The group and company had capital commitments of £58,000 (2014: £ nil) as at 31 December 2015.

17 Contingent liabilities

The company together with its subsidiary, Pressavon Limited, form a VAT group. The company under this arrangement is liable for any unpaid liabilities of its subsidiary in relation to this group scheme. The group VAT liability at 31 December 2015 was £nil (2014: £16,388) as there was a VAT debtor at the year end.

There were no other contingent liabilities at 31 December 2015 or 31 December 2014.

18 Pension commitments

The company together with its subsidiary, Pressavon Limited, participates in three pension schemes providing pension benefits. The assets of the schemes are held separately from those of the companies, being invested with insurance companies. Contributions to the schemes are charged to the profit and loss account on an arising basis and amounted to £62,187 (2014: £68,212). There were no outstanding or prepaid pension contributions at 31 December 2015 (2014: £nil).

All three schemes are money purchase plans, and funding for each scheme is in accordance with levels agreed with the insurance company at the time of its creation.

19 Remuneration of key management personnel

The total remuneration of the directors who are considered to be the key management personnel of the company was £294,178 (2014: £285,253).

20 Share capital

Allotted, called up and fully paid:

	2015 No	£	2014 No	£
Ordinary shares of £1 each	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

21 Reserves

Reserves of the group, and the company, represent the following:

Share Premium

Consideration received for shares issued above their nominal value net of transaction costs.

Revaluation reserve

The cumulative revaluation gains and losses in respect of land and buildings, except revaluations gains and losses recognised in profit and loss.

Capital Redemption Reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

Retained earnings

Cumulative profit and loss net of distributions to owners. Included within the profit and loss reserve is a translation reserve of £37,044. This represents foreign exchange gains and losses on the retranslation of the results and net assets of the Company's foreign subsidiaries.

22 Related party transactions and controlling parties

The company has taken advantage of the exemption not to disclose any transactions with its wholly owned subsidiary undertakings conferred by FRS 102 on the grounds that the company's results are included in these consolidated financial statements.

Mrs J S M Bebbington, Mr T J R Barnsdale and Mr C Collister are this company's controlling party by virtue of their position as trustees for the Deed of Variation Trust which owns 80% of the issued ordinary share capital of the company.

The company paid a dividend of £200,000 during the year (2014: £200,000). The Deed of Variation Trust received a dividend of £160,000 and Mr T J R Barnsdale and Mrs J S M Bebbington received dividends of £20,000 each.

23 Notes to the statement of consolidated cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2015	2014
	£	£
Profit for the year before taxation	236,151	523,935
Adjustments for:		
Income tax expense recognised in profit or loss	79,827	211,359
Finance income recognised in profit or loss	(51,592)	(110,022)
Finance costs recognised in profit or loss	6,000	7,000
Fair value loss on investments	269,802	5,517
Depreciation	176,549	156,628
Profit on disposal of tangible fixed assets	(5,850)	-
Operating cash flows before movements in working capital	710,887	794,417
(Increase)/decrease in stocks	(154,619)	238,221
(Increase)/decrease in debtors	(151,898)	675,586
Increase in creditors	117,428	38,179
Foreign exchange adjustment	7,861	29,941
Net cash inflow from operating activities	529,659	1,776,344

24 Reconciliations on adoption of FRS 102

Reconciliations of consolidated equity		1 January	31 December
	Notes	2014	2014
		£	£
Consolidated equity as previously reported under UK GAAP		7,396,506	7,703,708
Fair value gains/(losses) on investments	A	291,402	336,644
Adjustments to deferred tax	B	(38,138)	(36,436)
Consolidated equity reported under FRS 102		<u>7,649,770</u>	<u>8,003,916</u>
Reconciliation of consolidated profit or loss			Year ended
	Notes		31 December
			2014
			£
Consolidated profit or loss as previously reported under UK GAAP			476,991
Fair value gain on investments	A		45,242
Adjustments to deferred tax	B		1,702
Consolidated profit or loss reported under FRS 102			<u>523,935</u>
Reconciliation of Company equity		1 January	31 December
	Notes	2014	2014
		£	£
Company equity as previously reported under UK GAAP		6,306,767	6,866,418
Fair value gain/loss on investments	A	225,367	260,173
Adjustments to deferred tax	B	(33,502)	(31,498)
Company equity reported under FRS 102		<u>6,498,632</u>	<u>7,095,093</u>
Reconciliation of Company profit or loss			31 December
	Notes		2014
			£
Company profit or loss as previously reported under UK GAAP			759,651
Fair value gain on investments	A		34,806
Adjustments to deferred tax	B		2,003
Company profit or loss reported under FRS 102			<u>796,460</u>

24 Reconciliations on adoption of FRS 102 (continued)

Notes to reconciliations on adoption of FRS102

A. Investments

Under FRS102 it is required that investments are measured at fair value with gains or losses recognised in profit or loss. An adjustment to remeasure the investments at fair value has been recognised for £336,644 at 31 December 2014.

B. Taxation

Due to the remeasurement of investments to fair value, as discussed above, a deferred tax liability of £36,436 has been recognised at 31 December 2014.

25 Financial instruments

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
The carrying amount of the Group's and Company's financial instruments at 31 December were:				
Financial assets:				
Debt instruments measured at amortised cost				
Trade debtors	885,089	849,595	569,829	622,776
Others debtors	137,169	24,007	93,230	970
Amounts owed by group undertakings	-	-	729,244	649,670
Equity instruments measured at cost less impairment				
Investments in subsidiaries	-	-	601,137	601,285
Instruments measured at fair value through profit or loss				
Listed investments	1,906,881	2,048,465	1,560,381	1,601,594
Total	2,929,139	2,922,067	3,553,821	3,476,295
Financial liabilities:				
Measured at amortised cost				
Trade creditors	374,479	328,054	230,599	201,214
Other creditors	106,867	80,932	20,760	13,348
Accruals	405,484	441,860	465,399	428,357
Total	886,830	850,846	716,758	642,919

26 Commitment under operating leases

The total future minimum lease payments under non-cancellable operating leases for plant and machinery are as follows:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Amounts due:				
Within one year	5,032	5,032	-	-
Between one and five years	12,580	17,612	-	-
	<u>17,612</u>	<u>22,644</u>	<u>-</u>	<u>-</u>

27 Post balance sheet events

Subsequent to the year end, the group disposed of its long leasehold property for consideration of £725,000 resulting in a profit on disposal of £434,000.