

Registered number  
617406

**Abbey Metal Finishing Company Limited**

Annual report and financial statements

31 December 2016

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**Abbey Metal Finishing Company Limited**  
**Annual report and financial statements**  
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## **Abbey Metal Finishing Company Limited**

### **Company Information**

#### **Directors during the year, and up to the date of signing the financial statements**

G Vaughan

T Franks

B Johnston

G Griffiths (appointed 7/02/2017)

#### **Company Secretary**

J Morton

#### **Principal place of business**

Unit 2, Dodwells Bridge Industrial Estate

Hinckley

West Midlands

LE10 3BZ

#### **Independent auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Cornwall Court

19 Cornwall Street

Birmingham

B3 2DT

#### **Registered office**

Linton Park

Linton

Near Maidstone

Kent ME17 4AB

#### **Registered number**

617406

**Abbey Metal Finishing Company Limited**  
**Strategic report for the year ended 31 December 2016**

**Principal activities**

The company trades as metal finishers.

**Business review**

The company continues to operate as a trading company. The results for the year and the financial position of the company are as shown in the annexed financial statements.

**Key performance indicator**

The directors consider the performance measurement of EBITDA, which is set out in the table below, to be the most appropriate:

	2016	2015
	£	£
EBITDA	<u>698,238</u>	<u>1,583,057</u>

**Principal risks and uncertainties**

These are set out in the directors' report and Note 20 to these financial statements

**Operational risk management**

A significant downturn in the aerospace industry, which is the sector in which the majority of the company's customers operate, would have an adverse effect on financial performance. The company is represented on a number of trade bodies in the aerospace sector, and monitors developments in the sector on a regular basis.

This report was approved by the board on 10th May 2017



G Vaughan  
Director

**Abbey Metal Finishing Company Limited**  
**Directors' report for the year ended 31 December 2016.**

The directors present their report together with the audited financial statements of the company for the year ended 31 December 2016. The registered number of the company is 617406.

**Future developments**

The company will continue to trade as metal finishers.

**Results and dividends**

The profit for the year is £79,389 (2015: profit of £923,505). The directors have not paid a dividend for the year (2015: £Nil). The 2015 financial year results include a profit £1,194,520 on disposal of the company's former site.

The directors have given due consideration to all the relevant circumstances, and, have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future, and therefore have concluded that the going concern basis is appropriate for the preparation of the financial statements for the year ended 31 December 2016.

The directors of the company are listed on page 2.

**Principal risks and uncertainties**

The company is dependent, for a significant portion of its revenue, on the aerospace industry, and a downturn in this sector would have an impact on turnover and profitability. Some of the processes used by the company require high standards of health and safety and environmental management; failure to maintain these standards could give rise to accidents or environmental damage. The company is a wholly owned subsidiary of Camellia plc. As such, all relevant risks and performance reporting through key performance indicators is available within the annual report of Camellia plc.

**Financial risk management**

The company's operations expose it to a variety of financial risks that include credit risk and liquidity risk. Given the size of the company, the directors have not delegated the responsibility for monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

**Credit Risk**

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual customer is subject to a limit.

**Liquidity Risk**

The company has access to banking facilities and inter-company funding so as to ensure that it has sufficient funds available to operate.

**Insurance**

The directors are covered by a group insurance policy in respect of legal actions against them in their capacity as directors of the company. The current level of cover is £20 million.

**Statement of disclosure of information to auditors**

In accordance with Section 418, in the case of each director in office at the date the directors' report is approved:

(a) So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**Independent auditors**

PricewaterhouseCoopers LLP has been replaced as auditor of Abbey Metal Finishing Company Limited and will resign as the Company's auditor following the completion of these Financial Statements. Following the resignation of PricewaterhouseCoopers LLP the Board will appoint Deloitte LLP as auditor of the Company pursuant to section 485(3) of the Companies Act 2006.

This report was approved by the board on 10th May 2017

G Vaughan  
Director



## Abbey Metal Finishing Company Limited

### Independent auditors' report to the members of Abbey Metal Finishing Company Limited

#### Report on the financial statements

##### Our Opinion

In our opinion, Abbey Metal Finishing Company Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

##### What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

##### Opinions on other matters prescribed by the Companies Act 2006

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

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

In addition, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

##### Other matters on which we are required to report by exception

##### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us;

or

- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

##### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

##### Responsibilities for the financial statements and the audit

##### Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

##### What an audit of financial statements involves

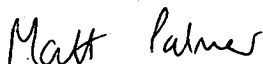
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and the Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Matt Palmer (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
10 May 2017

**Abbey Metal Finishing Company Limited**  
**Statement of Comprehensive Income**  
**for the year ended 31 December 2016**

	Note	2016 £	2015 £
<b>Revenue</b>	2	<b>4,905,465</b>	<b>4,302,180</b>
Cost of sales		<u>(2,370,379)</u>	<u>(2,145,399)</u>
<b>Gross profit</b>		<b>2,535,086</b>	<b>2,156,781</b>
Administrative expenses		(2,445,126)	(2,374,145)
Profit on disposal of property, plant and equipment		-	1,194,520
Finance income	4	92,951	72,075
Finance costs	5	(103,522)	(125,726)
<b>Profit before income tax</b>	3	<b>79,389</b>	<b>923,505</b>
Income tax expense	6	-	-
<b>Profit for the year attributable to owners of the parent</b>		<b>79,389</b>	<b>923,505</b>
<b>Total comprehensive income for the year</b>		<b>79,389</b>	<b>923,505</b>

**Continuing operations**

None of the company's activities were acquired or discontinued during the above two financial years.


The notes on pages 10 to 21 form an integral part of these financial statements.

**Abbey Metal Finishing Company Limited**  
**Balance Sheet**  
**as at 31 December 2016**

	Note	2016 £	2015 £
<b>Non-current assets</b>			
Property, plant and equipment	10	5,210,897	5,611,619
Investment in subsidiary undertaking	12	27,602	27,602
Trade and other receivables	13	2,140,753	1,774,476
<b>Total non-current assets</b>		<b>7,379,252</b>	<b>7,413,697</b>
<b>Current assets</b>			
Inventories	11	119,447	112,491
Trade and other receivables	13	951,336	870,645
Cash and cash equivalents (excluding bank overdraft)	14	294,299	841,832
<b>Total current assets</b>		<b>1,365,082</b>	<b>1,824,968</b>
<b>Current liabilities</b>			
Trade and other payables	15	(746,886)	(1,040,606)
Current income tax group relief		(266,501)	(266,501)
<b>Total current liabilities</b>		<b>(1,013,387)</b>	<b>(1,307,107)</b>
<b>Net current assets</b>		<b>351,695</b>	<b>517,861</b>
<b>Total assets less current liabilities</b>		<b>7,730,947</b>	<b>7,931,558</b>
<b>Non-current liabilities</b>			
Amounts due to group undertakings	16	(2,812,325)	(3,092,325)
<b>Total non-current liabilities</b>		<b>(2,812,325)</b>	<b>(3,092,325)</b>
<b>Net assets</b>		<b>4,918,622</b>	<b>4,839,233</b>
<b>Equity</b>			
Share capital	17	1,000,200	1,000,200
Retained earnings	19	3,842,571	3,763,182
Other reserves		75,851	75,851
<b>Total equity</b>		<b>4,918,622</b>	<b>4,839,233</b>

The notes on pages 10 to 21 form an integral part of these financial statements.

The financial statements on pages 6 to 21 were approved by the board of directors on 10th May 2017 and signed on their behalf by:

  
**G Vaughan**

Director

**Abbey Metal Finishing Company Limited**  
**Statement of Changes in Equity**  
**for the year ended 31 December 2016**

	Attributable to the owners of the parent			Total
	Share capital £	Retained earnings £	Other reserves £	equity £
At 1 January 2015	1,000,200	2,839,677	75,851	3,915,728
Profit for the year and total comprehensive income for the year	-	923,505	-	923,505
At 31 December 2015	<u>1,000,200</u>	<u>3,763,182</u>	<u>75,851</u>	<u>4,839,233</u>
Profit for the year and total comprehensive income for the year	-	79,389	-	79,389
At 31 December 2016	<u>1,000,200</u>	<u>3,842,571</u>	<u>75,851</u>	<u>4,918,622</u>

Abbey Metal Finishing Company Limited  
Cash Flow Statement  
for the year ended 31 December 2016

	Note	2016 £	2015 £
<b>Cash flows from operating activities:</b>			
Profit before tax		79,389	923,505
Adjustments for:			
Depreciation		608,278	605,901
Loss/(profit) on disposal of property, plant and equipment		7,646	(1,194,520)
Net finance income		10,571	53,651
		<u>705,884</u>	<u>388,537</u>
 (Increase)/Decrease in stock		(6,956)	14,204
Increase in trade and other receivables		(80,691)	(84,487)
(Decrease)/Increase in trade and other payables		(293,720)	178,261
Decrease in provisions		-	(26,625)
Cash generated from operations		<u>324,517</u>	<u>469,890</u>
Interest paid		(103,522)	(125,726)
<b>Net cash generated from operating activities</b>		<u>220,995</u>	<u>344,164</u>
 <b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	(215,202)	(97,596)
Expenditure on assets held for resale		-	(4,083)
Loans to subsidiary undertaking	13	(366,277)	(208,120)
Interest income	4	92,951	72,075
Proceeds from sale of property, plant and equipment		-	1,850,000
<b>Net cash (used in)/generated from investing activities</b>		<u>(488,528)</u>	<u>1,612,276</u>
 <b>Cash flows from financing activities</b>			
Repayments to group undertakings	16	(280,000)	(1,010,499)
<b>Net cash from financing activities</b>		<u>(280,000)</u>	<u>(1,010,499)</u>
 <b>Net (decrease)/increase in cash and cash equivalents</b>	14	<u>(547,533)</u>	<u>945,941</u>
 Cash and cash equivalents at beginning of year		841,832	(104,109)
Cash and cash equivalents at end of year		<u>294,299</u>	<u>841,832</u>
		<u>(547,533)</u>	<u>945,941</u>

The notes on pages 10 to 21 form an integral part of these financial statements.

**Abbey Metal Finishing Company Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2016**

**General Information**

Abbey Metal Finishing Company Limited (the Company) is incorporated in England and Wales and is a member of the Camellia group (the Group). The primary business of the company is in the trade of metal finishing.

The company is a private limited company, which is domiciled in England.

**1 Accounting policies**

The principal accounting policies in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

**Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU IFRS IC interpretations, and the Companies Act 2006 applicable to companies reporting under IFRS using the historic cost convention. These financial statements contain information about Abbey Metal Finishing Company Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, as it and its subsidiary are included in the consolidated financial statements of Camellia plc.

**Going concern**

The directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources, including access to group facilities if required, to continue to operate for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

**Foreign currency translation**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Translation differences on non-monetary items carried at fair value are reported as part of the fair value gain or loss. Gains and losses arising on retranslation are included in the income statement, except for exchange differences arising on non-monetary items where the changes in fair value are recognised directly in equity.

The financial statements are presented in sterling, which is the company's functional and presentation currency.

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, value added tax and other sales related taxes. Revenue is recognised at the point when processed goods are delivered to, or collected by, the customer. Amounts agreed as being receivable from insurers are recognised as other operating income.

**Abbey Metal Finishing Company Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2016**

**1 Accounting policies (continued)**

**Property, plant and equipment**

All property, plant and equipment (PPE), is shown at deemed cost less subsequent depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of these assets.

On transition to IFRS, the company has followed the transitional provisions and elected that previous UK GAAP revaluations be treated as deemed cost.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

No depreciation is provided on freehold land. Depreciation of other fixed assets is calculated to write off their cost less residual value on a straight-line basis over their expected useful lives.

The rates of depreciation used for the other assets are as follows:

Freehold buildings	2.5 to 3.5 per cent. per annum
Motor vehicles, plant and machinery	10 to 25 per cent. per annum
Fixtures, fittings and equipment	10 to 25 per cent. per annum

Assets in the course of construction are not depreciated until they are fully commissioned and brought into use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is included in the income statement.

**Impairment of assets**

Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

**Trade and other receivables**

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables.

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms. The amount of the provision is recognised in the income statement.

**Assets held for resale**

Non-current assets are classified as assets held for resale when their carrying amount is to be recovered principally through a sale transaction, and a sale is considered to be highly probable. They are stated at the lower of carrying amount and fair value, less expected selling costs.

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, and deposits held at call with banks with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**Trade and other payables**

Trade and other payables are carried at book value.

**Inventories**

Inventories are carried at the lower of cost and net realisable value.

Net realisable value represents the estimated selling price less all estimated selling expenses.

**Segmental analysis**

The company only operates in a single segment, as described in the directors' report.

**Leases**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

**Abbey Metal Finishing Company Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2016**

**1 Accounting policies (continued)**

**Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than in a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related tax asset is realised or the tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

**Employee benefits**

**Pension obligations**

Abbey Metal Finishing Company Limited is a participating employer in the Linton Park Group Pension Scheme, a defined benefit pension scheme. This is a scheme providing pension benefits to all members of that scheme, and for which it is not possible to identify the company's share of the underlying assets and liabilities. For this reason, pension costs relating to this scheme for the company are charged to the income statement in the period in which they fall due.

The company also operates a defined contribution scheme. Payments to defined contribution retirement schemes are charged as an expense as they fall due.

**Critical accounting estimates and judgements**

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. The group makes estimates and assumptions concerning the future. The resulting accounting will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

(i) The company has significant investments (including loans) in a subsidiary undertaking. The value of the investments and loans are tested for impairment when circumstances indicate there may be a potential impairment. (ii) Depreciation is based on management estimates of the future useful life of property, plant and equipment. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the charges.

**Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**Investments in subsidiary companies**

Investments in subsidiary companies are included at cost less any provision for impairment. Impairment reviews are carried out by the directors when there has been an indication of potential impairment.

**Abbey Metal Finishing Company Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2016**

**1 Accounting policies (continued)**

**Changes in accounting policy and disclosures**

**Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the company**

**(i) New and amended standards adopted by the company**

No new and amended standards have been adopted by the company that would have a material impact.

**(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the company**

No standards, amendments and interpretations to existing standards that are not yet effective have been adopted early by the company that would have a material impact.

**Abbey Metal Finishing Company Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2016**

<b>2 Revenue</b>	<b>2016</b>	<b>2015</b>
An analysis of the company's revenue, split by destination, is as follows:	£	£
Trading revenues		
United Kingdom	3,905,201	3,555,508
Europe	1,000,264	746,672
	<u>4,905,465</u>	<u>4,302,180</u>

Revenue originates from operations in England. In the opinion of the directors the activities of the company represent a single class of business.

<b>3 Profit before income tax</b>	<b>2016</b>	<b>2015</b>
	£	£
The following items have been charged/(credited) in arriving at profit (2015: Profit) before income tax:		
Employment costs (note 7)	2,289,215	2,076,271
Depreciation of property, plant and equipment:		
Owned assets	608,278	605,901
Profit on sale of assets held for resale	-	(1,194,520)
Operating lease charges	19,176	21,712
Gain on translation of amounts denominated in currency	(283,855)	(40,818)
Auditors' remuneration paid by the company	20,200	19,800
Cost of inventories recognised as an expense	514,929	479,451

**Abbey Metal Finishing Company Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2016**

**4 Finance income**

	2016	2015
	£	£
Received from group undertakings	92,951	72,075
	<u>92,951</u>	<u>72,075</u>

**5 Finance costs**

	2016	2015
	£	£
Interest paid on loans and bank overdrafts	-	1,858
Interest paid to group undertakings	103,522	123,868
	<u>103,522</u>	<u>125,726</u>

**6 Income tax expense**

**Analysis of charge in the year**

	2016	2015
	£	£
<b>Current tax</b>		
<b>UK corporation tax</b>		
UK corporation tax at 20 per cent. (2015: 20.50 per cent.)	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
	<u>-</u>	<u>-</u>
Income tax expense	<u>-</u>	<u>-</u>

**Factors affecting tax charge for the year**

The tax on the company's profit before tax differs (2015: differs) from the theoretical amount that would arise using the weighted average tax rate applicable to the profits (2015: profits) of the company as follows:

	2016	2015
	£	£
Profit on ordinary activities before tax	79,389	923,505
Tax on ordinary activities at the standard rate of corporation tax in the UK of 20 per cent (2015: 20.25 per cent)	15,878	187,010
Effects of:		
Income and expenses not chargeable/deductible for tax purposes	-	210,089
Group relief	(15,878)	(397,099)
<b>Tax charge</b>	<u>-</u>	<u>-</u>

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation tax rate which decreased from 21% to 20% from 1 April 2015. Further reductions to UK Corporation tax rates were substantively enacted as part of the 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 March 2016 Budget announced further changes to the UK Corporation Tax rate which will reduce the main rate of corporation tax to 17% from 1 April 2020. Relevant deferred taxes at the balance sheet date have been measured using these enacted tax rates.

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**7 Employees**

The average monthly number of employees employed by the company during the year, including directors on a service contract, was made up as follows:

	2016 Number	2015 Number
Management and administration	8	8
Production	70	67
	<u>78</u>	<u>75</u>
	2016 £	2015 £
Employment costs:		
Wages and salaries	2,001,529	1,821,827
Social security costs	179,296	162,463
Other pension costs	108,390	91,981
	<u>2,289,215</u>	<u>2,076,271</u>

**8 Emoluments of the directors**

	2016 £	2015 £
Aggregate emoluments excluding pension contributions	302,290	117,115
Aggregate pension contributions - defined contribution	19,498	8,550
	<u>321,788</u>	<u>125,665</u>
<b>Highest paid director</b>		
	2016 £	2015 £
Total emoluments and amounts received under long term incentive schemes	243,000	57,612
Pension contributions	14,400	4,950
	<u>257,400</u>	<u>62,562</u>

**9 Pensions**

The company participates in a defined benefit pension scheme operated by Linton Park Services Limited. Further details of the scheme, including the disclosures under IAS 19 "Employee Benefits", are disclosed in the financial statements of that company. The scheme plan was closed to new entrants on 1 November 2006 and new employees are admitted to a defined contribution scheme. The company made no contributions to the scheme during the year (2015: £nil)

Abbey Metal Finishing Company Limited also operates a defined contribution scheme. The charge to the income statement for the year was £108,390 (2015: £91,981).

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**10 Property, plant and equipment**

	Freehold land and buildings £	Motor vehicles plant and machinery £	Fixtures, fittings and equipment £	Assets in course of Construction £	Total £
Cost or valuation					
At 1 January 2015	2,978,258	5,621,700	115,854	-	8,715,812
Additions	31,372	64,569	-	1,655	97,596
Transfers between categories	-	2,500	(2,500)	-	-
At 1 January 2016	3,009,630	5,688,769	113,354	1,655	8,813,408
Additions	16,857	192,595	-	5,750	215,202
Disposals	-	(14,565)	-	-	(14,565)
At 31 December 2016	3,026,487	5,866,799	113,354	7,405	9,014,045
Accumulated depreciation					
At 1 January 2015	231,351	2,293,625	70,912	-	2,595,888
Charge for the year	66,352	516,878	22,671	-	605,901
At 1 January 2016	297,703	2,810,503	93,583	-	3,201,789
Charge for the year	67,153	525,151	15,974	-	608,278
Disposals	-	(6,919)	-	-	(6,919)
At 31 December 2016	364,856	3,328,735	109,557	-	3,803,148
Net book value at 31 December 2016	2,661,631	2,538,064	3,797	7,405	5,210,897
Net book value at 31 December 2015	2,711,927	2,878,266	19,771	1,655	5,611,619

All of the depreciation expense in both the current and prior years was charged to administrative expenses.

**11 Inventories**

	2016 £	2015 £
Raw materials	119,447	112,491
	<u>119,447</u>	<u>112,491</u>

The cost of inventories recognised as an expense and included in cost of sales was £514,929 (2015: £479,451).

**Abbey Metal Finishing Company Limited**  
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**12 Investment in subsidiary undertaking**

	Note	2016 £	2015 £
Investment in subsidiary		<u>27,602</u>	<u>27,602</u>
		<u>27,602</u>	<u>27,602</u>

The subsidiary, of which the company owns 51%, is Atfin GmbH, which is incorporated in Germany. The subsidiary provides metal finishing services.

**13 Trade and other receivables**

	2016 £	2015 £
Trade receivables	881,726	815,647
Less: provision for impairment of trade receivables	<u>(9,275)</u>	<u>(9,275)</u>
Trade receivables - net	872,451	806,372
Prepayments and accrued income	78,885	64,273
Amounts due from group undertaking	<u>2,140,753</u>	<u>1,774,476</u>
	3,092,089	2,645,121
Less non-current portion of amounts due from group undertakings	<u>(2,140,753)</u>	<u>(1,774,476)</u>
Current portion of trade and other receivables	<u>951,336</u>	<u>870,645</u>

The amounts due from group undertakings are denominated in Euros, and the carrying value above is translated at the year end exchange rate.

The fair values of trade and other receivables are as follows:

	2016 £	2015 £
Trade receivables	872,451	806,372
Prepayments and accrued income	78,885	64,273
Amounts due from group undertakings	<u>2,140,753</u>	<u>1,774,476</u>
	<u>3,092,089</u>	<u>2,645,121</u>

The totals and ageing analysis of receivables that were overdue at the reporting date, is shown in the table below:

	2016 £	2015 £
Up to 3 months	108,067	114,241
3 to 6 months	<u>60,554</u>	<u>5,988</u>
20	<u>168,621</u>	<u>120,229</u>

**14 Cash and cash equivalents (excluding bank overdrafts)**

	2016 £	2015 £
Cash at bank and in hand	<u>294,299</u>	<u>841,832</u>
Cash and cash equivalents, (excluding bank overdraft)	<u>294,299</u>	<u>841,832</u>

**15 Trade and other payables**

	2016 £	2015 £
Trade payables	216,322	203,095
Amounts due to group undertakings	82,729	59,040
Other taxation and social security	124,965	495,422
Other payables	239,163	184,742
Accruals	<u>83,707</u>	<u>98,307</u>
	<u>746,886</u>	<u>1,040,606</u>

**16 Amounts due to group undertakings**

	2016 £	2015 £
Amounts due to group undertakings	<u>2,812,325</u>	<u>3,092,325</u>

Abbey Metal Finishing Company Limited  
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17 Share capital

	2016 £	2015 £
Authorised: 10,002,000 (2015: 10,002,000) ordinary shares of 10p each	<u>1,000,200</u>	<u>1,000,200</u>
Allotted and fully paid: At 1 January and 31 December 10,002,000 (2015: 10,002,000) ordinary shares of 10p each:	<u>1,000,200</u>	<u>1,000,200</u>

18 Commitments

The company leases plant and equipment under non-cancellable operating lease arrangements. The future aggregate minimum lease payments are as follows:

	2016 £	2015 £
Due within one year:	12,884	17,940
Due between 1 to 5 years:	<u>44,602</u>	<u>25,808</u>
	<u>57,486</u>	<u>43,748</u>

19 Retained earnings

	£
At 1 January 2015	2,839,677
Profit for the year 2015	<u>923,505</u>
At 31 December 2015	3,763,182
Profit for the year 2016	<u>79,389</u>
At 31 December 2016	<u>3,842,571</u>

**Abbey Metal Finishing Company Limited**  
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**20 Financial Instruments**

**Capital risk management**

The company manages its capital to ensure that the company will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of its debt and equity balance. The capital structure of the company consists of cash and cash equivalents and equity comprising issued capital, reserves and retained earnings.

**Categories of financial instruments**

The company's principal financial liabilities comprise trade and other payables, and provisions. The company's financial assets consist of trade and other receivables and cash and cash equivalents.

	2016 £	2015 £
<b>Financial Assets</b>		
Cash and cash equivalents	294,299	841,832
Trade and other receivables	872,451	806,372
Amounts due from group undertakings	2,140,753	1,774,476
	<u>3,307,503</u>	<u>3,422,680</u>
	2016 £	2015 £
<b>Financial Liabilities</b>		
Trade and other payables	746,886	1,040,606
Amounts due to group undertakings	2,812,325	3,092,325
	<u>3,559,211</u>	<u>4,132,931</u>

Loans with group undertakings are interest bearing at rates between 0% and 5%, are unsecured, and are not repayable until 12 months after the approval of these financial statements..

**Fair values**

The fair values of the company's financial assets and liabilities are not materially different from their carrying values.

**Financial risk management objectives**

The main risks arising from the company's financial instruments are cash flow interest rate risk, liquidity risk, currency risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks which is summarised below:

**Interest rate risk**

The interest rate on the loan to the company's subsidiary undertaking, and the interest bearing portion of the loan from the parent undertaking, are fixed. The company does not earn interest on cash balances. In view of this the directors do not consider there to be any material interest rate risk in the current or previous financial years.

**Credit risk**

The company has policies in place to limit its exposure to credit risk. Credit risk arises from cash and cash equivalents as well as credit exposure to customers on trade receivables. The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual customer is subject to a limit. At the year end 5 (2015: 6) customers accounted for 50% (2015: 50%) of the total trade receivable balance. £168,621 (2015: £120,229) was overdue as at the balance sheet date, of which £9,275 (2015: £9,275) was considered impaired.

**Currency risk**

The company has no material exposure to foreign currency exchange risk, apart from the value of its loan to its subsidiary, which is denominated in Euros. A movement of 5% in the exchange rate of the Euro would increase/decrease profit and net assets by £100,000. (2015:75,000) Currency risk is managed by regular reviews by the directors.

**Liquidity Risk**

The company manages its liquidity risk through the preparation of cash flow projections and the monitoring of accounts receivables. It has access to banking facilities and inter-company funding so as to ensure that it has sufficient funds available to operate.

The table below summarises the maturity profile of the Company's financial liabilities at 31 December based upon contractual undiscounted payments.

	On demand £	3 to 12 months £	1 to 5 Years £
<b>2016</b>			
Financial liabilities	-	746,886	2,812,325
<b>2015</b>			
Financial liabilities	-	1,040,606	3,092,325

**Bank facilities**

The company participates in a group banking facility with other subsidiary undertakings of the immediate parent company. Each member of the group guarantees the indebtedness under the facility to the other members. As at 31 December 2016, the aggregate liability was £275,842 (2015: £862,702).

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**21 Parent Company**

The immediate parent undertaking is Unochrome Industries Limited which is registered in England and Wales.  
The ultimate parent undertaking and controlling party is Camellia Plc which is registered in England and Wales.  
Camellia Plc is the parent undertaking of the largest, and smallest group of undertakings to consolidate these financial statements at 31 December 2016  
Copies of the Camellia Plc financial statements can be obtained from Linton Park, Linton, Maidstone, Kent ME17 4AB.

**22 Subsidiary undertaking**

The subsidiary undertaking at 31 December 2016 was Atfin GmbH, incorporated in Germany, of which the company held 51% of the equity capital.  
Group financial statements are not prepared, as the company is a wholly owned subsidiary of another company incorporated in England.

**23 Control of Camellia plc**

Camellia Holding AG holds 1,427,000 ordinary shares of Camellia plc (representing 51.34% of total voting rights). Camellia Holding AG is owned by The Camellia Private Trust Company Limited, a private trust company incorporated under the laws of Bermuda to act as a trustee of the Camellia Foundation. The Camellia Foundation is a Bermudian trust, the income of which is utilised for charitable, educational and humanitarian causes at the discretion of the trustees.

**24 Related party transactions**

During the year the company was charged £453,780 (2015: £239,855) by Camellia plc by way of recharge of group costs.

In 2015 the company incurred costs to the value of £1,500 with Associated Cold Stores and Transport Limited, an associated company within the group.

In 2015 the company received a payment of £46,410 from AKD Engineering Limited, an associated company within the group, in respect of the transfer of a contract liability.

At the year-end, the company owed £2,812,325 (2015: £3,092,325) by way of an intercompany loan, to Camellia plc.

At the year-end, the company was due £2,140,753 (2015: £1,774,476) from an intercompany loan, by Atfin GmbH, an associated company within the group.

The balances on these loans at 31 December 2016 and 2015 is shown in the balance sheet. Interest is charged or received on group loans at rates between 0 and 5% (2015: 0 and 5%).