

UV Group Plc

Report and Financial Statements

Year Ended

30 September 2016

Company Number 00672142



UV Group Plc

Company Information

Directors	D B Selkus R Landes B D Landes J Alcock R T Lever
Company secretary	J Alcock
Registered number	00672142
Registered office	20 Rigg Approach Leabridge Road London E10 7QN
Independent auditors	BDO LLP 16 The Havens Ransomes Europark Ipswich Suffolk IP3 9SJ

UV Group Plc

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UV Group Plc

Strategic Report For the Year Ended 30 September 2016

Review of the group's operations

Executive summary

Throughout the year under review the group has continued operating in the manufacture, processing and merchandising of wood veneer products and international trading.

Sales overall have increased by £530,000 with pre tax profits decreasing by £23,000 to £1.07m. This reduction in overall profitability resulted from the introduction of a new product range in the international trading division at a lower margin.

Veneer division supply chain cost increases resulting from sterling's weakness following the EU Referendum have generally been neutral as more than 75% of the Group's sales are non sterling denominated and have gained significantly in value. The corresponding supply chain cost increases in goods sold in the UK have generally been passed on. It is difficult, at this time, to forecast what the likely effect on the Group's operations will be when the UK leaves the European Union.

Sales have been further enhanced as the newly opened USA distribution centre gains market share. UK Sales continue to suffer following the serious fire in the previous year which destroyed the main UK production facility. The appropriate part of the related insurance claim has been included in the current results.

Cash flow from operations continued to be strong generating £837,000 which has largely been retained with cash balances of £5.8m available to fund further expansion either through organic growth or acquisition.

UV Group Plc

Strategic Report For the Year Ended 30 September 2016

Trading analysis

Demand for the group's broad range of veneer products continues to be strong in all regions; during the year under review the group's performance has been affected by the following:

- The significant change in exchange rates has generated greater income streams for both exports and the translation of overseas subsidiaries. Whilst raw material costs have also increased as they are sourced from outside the UK the majority are also sold outside the UK resulting in an overall improvement in profitability
- Cost increases have generally been neutral for UK operations as increases have been passed on to customers.
- Board sales, whilst not reaching their pre fire levels, are more profitable on lower production levels as a result of a more profit focused strategy.
- The review of operating procedures implemented following the fire continues to deliver significant cost savings.
- One of the key focuses for the year has been the new distribution centre that was established in the US in October 2015. Whilst the unit was profitable it was felt that its organic growth potential could be accelerated by improved marketing. In December 2016 agreement was reached with Veneer Solutions, a long established competitor, to take over that company's production capacity, customer base and marketing capability and at the same time increase the range of products available.
- The international trading division's current range of products has a lower profit margin than in previous years.

Following the successful purchase of Veneer Solutions the group is seeking to form strategic alliances with other competitors.

Overall profitability remains strong with tight controls on sourcing and supply chain whilst at the same time maintaining vigilance over costs.

The current year has started well and the directors are optimistic for the full year outcome.

Key performance indicators

During the year under review profit before tax decreased by 2.1% with shareholders' funds growing by 9.0%. Cash balances have grown by £893,000 to £5.8m.

UV Group Plc is a member of the Forest Stewardship Council (FSC) through which it promotes responsible management of the world's forests. The group continues to ensure compliance with European Union Timber Regulations together with similar requirements in other parts of the world.

UV Group Plc

Strategic Report For the Year Ended 30 September 2016

Principal risks and uncertainties

The markets for wood veneer products and international trading remain highly competitive with significant challenges from Far East suppliers. The group maintains its competitiveness by focusing on key customer relationships and product requirements where delivery lead times and quality are exacting. New products and trade flows are continuously being introduced and evaluated.

The group trades internationally in a variety of products, which includes timber which is a natural product. By their nature the quality of these products is variable. The group is aware of the risks attached to this and seek to reduce their exposure through careful selection of suppliers and monitoring of customer satisfaction.

The majority of the group's trade involves various currency exposures. Net currency positions are determined and monitored globally by the finance director who takes out forward cover as required.

The group's credit risk is primarily attributable to its trade debtors. The risk is managed principally by utilising worldwide credit insurance policies or secured payment terms.

The group has substantial cash balances with overdraft facilities available and monitors cash flow requirements for existing product ranges as part of its monthly control procedures. The availability of these cash balances are fundamental to the group's development of new products and markets and to enable it to take advantage of commercial opportunities as they arise.

This report was approved by the board on

30th March 2017

and signed on its behalf.



J Alcock
Secretary

UV Group Plc

Directors' Report For the Year Ended 30 September 2016

The directors present their report and the financial statements for the year ended 30 September 2016.

Results and dividends

The consolidated income statement is set out on page 8 and shows the group's profit for the year. No dividends were recommended or declared in either the current or preceding period.

Directors

The directors who served during the year were:

D B Selkus
R Landes
B D Landes
J Alcock
R T Lever

Future developments and financial risk management

Information on both future developments and financial risk management is included in the strategic report on pages 1 and 2.

Disclosure of information to auditors

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

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

Auditors

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

This report was approved by the board on 30th March 2017 and signed on its behalf.


J Alcock
Secretary

UV Group Plc

Directors' Responsibilities Statement For the Year Ended 30 September 2016

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

UV Group Plc

Independent Auditor's Report to the Members of UV Group Plc

We have audited the financial statements of UV Group Plc for the year ended 30 September 2016 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated statement of cash flows and the related notes. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent company's affairs as at 30 September 2016 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.

UV Group Plc

Independent Auditor's Report to the Members of UV Group Plc

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.

BDO LLP

Tracey Keeble (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Ipswich
United Kingdom

31 March 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

UV Group Plc

Consolidated Statement of Comprehensive Income For the Year Ended 30 September 2016

	Note	2016 £000	2015 £000
Group turnover	4	11,313	10,783
Change in stock of finished good and work in progress		(255)	781
Other operating income	5	527	368
Raw materials and consumables		(6,685)	(6,994)
Gross profit		4,900	4,938
Staff costs		(2,570)	(2,406)
Depreciation		(53)	(52)
Other operating charges		(1,247)	(1,419)
Operating profit	5	1,030	1,061
Interest receivable		45	37
Interest payable	8	(1)	(1)
Profit before tax		1,074	1,097
Tax on profit	9	(193)	(250)
Profit for the year		881	847
Exchange translation differences on consolidation		67	6
Other comprehensive income for the year		67	6
Total comprehensive income for the year		948	853


The notes on pages 15 to 33 form part of these financial statements.

UV Group Plc
Registered number:00672142

Consolidated Statement of Financial Position
As at 30 September 2016

	Note	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Tangible assets	11		1,273		1,337
			<u>1,273</u>		<u>1,337</u>
Current assets					
Stocks	13	3,162		3,396	
Debtors: amounts falling due within one year	14	3,750		3,937	
Cash at bank and in hand	15	5,805		4,912	
		<u>12,717</u>		<u>12,245</u>	
Creditors: amounts falling due within one year	16	(2,488)		(3,028)	
Net current assets			<u>10,229</u>		<u>9,217</u>
Net assets			<u><u>11,502</u></u>		<u><u>10,554</u></u>
Capital and reserves					
Called up share capital	19		100		100
Share premium account	20		2,800		2,800
Revaluation reserve	20		273		281
Profit and loss account	20		8,328		7,372
Equity attributable to owners of the parent company			<u>11,501</u>		<u>10,553</u>
Non-controlling interests	20		1		1
Total equity			<u><u>11,502</u></u>		<u><u>10,554</u></u>

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

30th March 2017

D B Selkus
 Director

The notes on pages 15 to 33 form part of these financial statements.

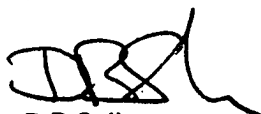
UV Group Plc
Registered number:00672142

Company Statement of Financial Position
As at 30 September 2016

	Note	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Tangible assets	11		1,252		1,317
Investments	12		17		17
			<u>1,269</u>		<u>1,334</u>
Current assets					
Stocks	13	2,951		3,117	
Debtors: amounts falling due within one year	14	3,628		4,001	
Cash at bank and in hand	15	5,701		4,817	
		<u>12,280</u>		<u>11,935</u>	
Creditors: amounts falling due within one year	16	(2,351)		(2,895)	
Net current assets			<u>9,929</u>		<u>9,040</u>
Net assets			<u><u>11,198</u></u>		<u><u>10,374</u></u>
Capital and reserves					
Called up share capital	19		100		100
Share premium account	20		2,800		2,800
Revaluation reserve	20		273		281
Profit and loss account	20		8,025		7,193
Total equity			<u><u>11,198</u></u>		<u><u>10,374</u></u>

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

30th March 2017



D B Selkus
Director

The notes on pages 15 to 33 form part of these financial statements.

UV Group Plc

Consolidated Statement of Changes in Equity For the Year Ended 30 September 2016

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent company	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 October 2015	100	2,800	281	7,372	10,553	1	10,554
Comprehensive income for the year							
Profit for the year	-	-	-	881	881	-	881
Translation differences on foreign net investments in subsidiary undertakings	-	-	-	67	67	-	67
Other comprehensive income for the year	-	-	-	67	67	-	67
Total comprehensive income for the year	-	-	-	948	948	-	948
Depreciation transfer	-	-	(8)	8	-	-	-
Total transactions with owners	-	-	(8)	8	-	-	-
At 30 September 2016	100	2,800	273	8,328	11,501	1	11,502

The notes on pages 15 to 33 form part of these financial statements.

UV Group Plc

Consolidated Statement of Changes in Equity For the Year Ended 30 September 2015

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent company	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 October 2014	100	2,800	289	6,511	9,700	1	9,701
Comprehensive income for the year							
Profit for the year	-	-	-	847	847	-	847
Translation differences on foreign net investments in subsidiary undertakings	-	-	-	6	6	-	6
Other comprehensive income for the year	-	-	-	6	6	-	6
Total comprehensive income for the year	-	-	-	853	853	-	853
Depreciation transfer	-	-	(8)	8	-	-	-
Total transactions with owners	-	-	(8)	8	-	-	-
At 30 September 2015	100	2,800	281	7,372	10,553	1	10,554

The notes on pages 15 to 33 form part of these financial statements.

UV Group Plc

Company Statement of Changes in Equity For the Year Ended 30 September 2016

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 October 2015	100	2,800	281	7,193	10,374
Comprehensive income for the year					
Profit for the year	-	-	-	824	824
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	824	824
Depreciation transfer	-	-	(8)	8	-
Total transactions with owners	-	-	(8)	8	-
At 30 September 2016	100	2,800	273	8,025	11,198

Company Statement of Changes in Equity For the Year Ended 30 September 2015

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 October 2014	100	2,800	289	6,467	9,656
Comprehensive income for the year					
Profit for the year	-	-	-	718	718
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	718	718
Depreciation transfer	-	-	(8)	8	-
Total transactions with owners	-	-	(8)	8	-
At 30 September 2015	100	2,800	281	7,193	10,374

The notes on pages 15 to 33 form part of these financial statements.

UV Group Plc

Consolidated Statement of Cash Flows For the Year Ended 30 September 2016

	2016 £000	2015 £000
Cash flows from operating activities		
Profit for the financial year	881	847
Adjustments for:		
Depreciation of tangible assets	53	52
Net interest receivable	(44)	(36)
Taxation expense	193	250
Decrease/(increase) in stocks	298	(801)
Decrease in debtors	276	163
(Decrease)/increase in creditors	(469)	850
Corporation tax paid	(284)	(168)
Net fair value (gains)/losses recognised in the income statement	(81)	91
Profit on disposal of tangible fixed assets	14	-
Net cash generated from operating activities	837	1,248
Cash flows from investing activities		
Purchase of tangible fixed assets	(16)	(28)
Sale of tangible fixed assets	17	5
Purchase of subsidiary	-	(6)
Cash acquired with subsidiary	-	6
Interest received	40	23
Interest paid	(1)	(1)
Decrease/(increase) in cash held on term deposit	800	(1,400)
Net cash generated from/(used in) investing activities	840	(1,401)
Net increase/(decrease) in cash and cash equivalents	1,677	(153)
Cash and cash equivalents at beginning of year	1,212	1,373
Forex exchange gains and losses	16	(8)
Cash and cash equivalents at the end of year	2,905	1,212
Cash and cash equivalents at the end of year comprise:		
Bank current accounts	2,905	1,212
	2,905	1,212

The notes on pages 15 to 33 form part of these financial statements.

UV Group Plc

Notes to the Financial Statements For the Year Ended 30 September 2016

1. General information

UV Group Plc is a public limited company, which is permitted to offer its shares to the public, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the group's operations and its principal activities are set out in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain freehold properties, and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 25.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements incorporate the results of UV Group Plc and all of its subsidiary undertakings as at 30 September 2016. The acquisition method of accounting is used to consolidate the results of subsidiary undertakings from the date of acquisition.

2.3 Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax.

Turnover is recognised when the risks and rewards of owning the goods has passed to the customer which is generally on delivery.

2.4 Tangible fixed assets

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

UV Group Plc

Notes to the Financial Statements For the Year Ended 30 September 2016

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, it is calculated as follows.

The estimated useful lives range as follows:

Freehold buildings	- 2% per annum on buildings cost or valuation
Plant equipment & vehicles	- 10% to 33.33% per annum on cost

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

2.5 Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment in value.

2.6 Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to disposal.

2.7 Debtors

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

2.8 Cash and cash equivalents

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

UV Group Plc

Notes to the Financial Statements For the Year Ended 30 September 2016

2. Accounting policies (continued)

2.9 Financial instruments

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

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

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

Derivatives, including foreign exchange swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the consolidated income statement in other operating charges or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.10 Creditors

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

UV Group Plc

Notes to the Financial Statements For the Year Ended 30 September 2016

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.12 Operating leases: the group as lessee

Rentals paid under operating leases are charged to the consolidated income statement on a straight line basis over the lease term.

2.13 Pensions

All the pension schemes operated by the group are money purchase schemes and the payments made to the schemes are charged to the consolidated income statement in the year to which they relate.

2.14 Interest income

Interest income is recognised in the consolidated income statement using the effective interest method.

UV Group Plc

Notes to the Financial Statements For the Year Ended 30 September 2016

2. Accounting policies (continued)

2.15 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

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Notes to the Financial Statements For the Year Ended 30 September 2016

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 11)

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

- Stock provision (see notes 12)

Provisions are made against slow moving stock on a line by line basis. Slow moving stock is considered to be stock that has not moved in the last 12 months or those items which have seen low sales levels in the last 12 months. Poor quality stock is provided for to the extent that it cannot be used.

4. Turnover

An analysis of turnover by class of business is as follows:

	2016 £000	2015 £000
Manufacture and distribution of veneers	9,670	8,653
International trading	1,643	2,130
	11,313	10,783

The analysis of turnover by geographical market is not disclosed because in the opinion of the directors disclosure would be seriously prejudicial to the interests of the group.

UV Group Plc

Notes to the Financial Statements For the Year Ended 30 September 2016

5. Operating profit

The operating profit is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets	53	52
Auditors remuneration		
- Fees payable to the group's auditor for the audit of the group's annual accounts	32	30
- Tax	6	5
Operating lease charges - land and buildings	48	50
Net charge for doubtful debts	39	7
Foreign exchange gains	(342)	(66)
Exceptional item (see below)	(471)	(332)

Amounts paid to the company's auditors in respect of services to the company, other than the audit of the financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

Exceptional item

Included in other operating income is an amount of £471k (2015 - £332k) in relation to insurance proceeds as a result of a loss of profits claim due to a fire in one of the group's premises in 2015.

6. Employees

Staff costs, including directors' remuneration (plus benefits in kind), were as follows:

	2016 £000	2015 £000
Wages and salaries	2,233	1,950
Social security costs	229	209
Other pension costs	150	291
	<u>2,612</u>	<u>2,450</u>

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

	2016 No.	2015 No.
Warehouse	11	10
Sales	13	13
Administration	5	5
	<u>29</u>	<u>28</u>

UV Group Plc

Notes to the Financial Statements For the Year Ended 30 September 2016

7. Directors' remuneration

	2016 £000	2015 £000
Directors' emoluments	1,125	987
Company contributions to money purchase pension schemes	81	173
	<u>1,206</u>	<u>1,160</u>

During the year retirement benefits were accruing to 4 directors (2015 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £395k (2015 - £316k).

The value of the company's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £14k (2015 - £44k).

8. Interest payable and similar charges

	2016 £000	2015 £000
Bank loans and overdrafts	<u>1</u>	<u>1</u>

9. Taxation

	2016 £000	2015 £000
Corporation tax		
UK corporation tax	180	228
Adjustments in respect of previous periods	(1)	1
Overseas tax	2	4
Total current tax	<u>181</u>	<u>233</u>
Deferred tax		
Origination and reversal of timing differences	<u>12</u>	<u>17</u>
Taxation on profit on ordinary activities	<u>193</u>	<u>250</u>

UV Group Plc

Notes to the Financial Statements For the Year Ended 30 September 2016

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.5%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	1,075	1,097
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.5%)	215	225
Effects of:		
Expenses not deductible for tax purposes	4	3
Utilisation of tax losses brought forward	-	(10)
Other timing differences	(21)	30
Overseas tax	2	4
Adjustments in respect of previous periods	(1)	1
Movement on unrealised intra-group profits	(12)	(2)
Impact of change in tax rates	6	(1)
Total tax charge for the year	193	250

Subject to agreement with the HMRC, the group companies have taxable losses of approximately £4k (2015 - £59k) available for offset against future taxable profits.

10. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements. The profit after tax of the parent company for the year was £824k (2015 - £718k).

UV Group Plc

Notes to the Financial Statements For the Year Ended 30 September 2016

11. Tangible fixed assets

Group

	Freehold land and buildings £000	Plant, equipment and vehicles £000	Total £000
Cost or valuation			
At 1 October 2015	1,611	407	2,018
Additions	-	16	16
Disposals	-	(145)	(145)
Exchange adjustments	-	4	4
At 30 September 2016	1,611	282	1,893
Depreciation			
At 1 October 2015	428	253	681
Charge for the year	19	34	53
Disposals	-	(114)	(114)
At 30 September 2016	447	173	620
Net book value			
At 30 September 2016	1,164	109	1,273
At 30 September 2015	1,183	154	1,337

UV Group Plc

Notes to the Financial Statements For the Year Ended 30 September 2016

11. Tangible fixed assets (continued)

Prior to the acquisition of the freehold interest relating to the long leasehold properties in 2014 the company's long leasehold properties in the UK were revalued on 30 September 1990 by a firm of Chartered Surveyors at open market value at that date. These valuations, which have not been updated since, adopted the basis recommended by the Royal Institution of Chartered Surveyors in "Guidance notes on the valuation of assets" (1981 edition). This valuation now represents the buildings value.

Cost or valuation at 30 September 2016 is as follows:

	Freehold land and buildings £000
At cost	1,170
Open market value 1990	441
	<u>1,611</u>

If the freehold land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2016 £000	2015 £000
Cost	381	381
Accumulated depreciation based on historical cost	(159)	(153)
Net book value	<u>222</u>	<u>228</u>

UV Group Plc

Notes to the Financial Statements For the Year Ended 30 September 2016

11. Tangible fixed assets (continued)

Company

	Freehold land and buildings £000	Plant, equipment and vehicles £000	Total £000
Cost or valuation			
At 1 October 2015	1,611	387	1,998
Additions	-	13	13
Disposals	-	(145)	(145)
At 30 September 2016	1,611	255	1,866
Depreciation			
At 1 October 2015	428	253	681
Charge for the year	19	28	47
Disposals	-	(114)	(114)
At 30 September 2016	447	167	614
Net book value			
At 30 September 2016	1,164	88	1,252
At 30 September 2015	1,183	134	1,317

UV Group Plc

Notes to the Financial Statements For the Year Ended 30 September 2016

11. Tangible fixed assets (continued)

Prior to the acquisition of the freehold interest relating to the long leasehold properties in 2014 the company's long leasehold properties in the UK were revalued on 30 September 1990 by a firm of Chartered Surveyors at open market value at that date. These valuations, which have not been updated since, adopted the basis recommended by the Royal Institution of Chartered Surveyors in "Guidance notes on the valuation of assets" (1981 edition). This valuation now represents the buildings value.

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	<u>1,611</u>

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	2016 £000	2015 £000
Cost	381	381
Accumulated depreciation	(159)	(153)
Net book value	<u>222</u>	<u>228</u>

UV Group Plc

Notes to the Financial Statements For the Year Ended 30 September 2016

12. Investments - group undertakings

Company

Shares at cost and net book value of £17k (2015 - £17k).

The following were the principal subsidiary undertakings during the year:

Name	Nature of business	Country of incorporation and operation	Class of issued shares	Percentage of class of issued shares held by UV Group Plc
Pleasant Hill Veneer Corporation	Veneer manufacturing	United States of America	Common	100*
Uvisco Limited	International trading	England	Ordinary	100
Pleasant Hill Veneer (UK) Limited	Holding company	England	Ordinary	100
Uvisco (Proprietary) Limited	International trading	Republic of South Africa	Ordinary	100*
Spajalnica. d.o.o.	Veneer manufacturing	Slovenia	Ordinary	100
Artisan International Limited	Dormant	England	Ordinary	80

All of the subsidiary undertakings listed above have been included in the consolidated financial statements.

*Held by subsidiary undertakings

13. Stocks

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Finished goods and goods for resale	3,162	3,396	2,951	3,117

There is no material difference between the replacement cost of stocks and the amounts stated above.

Stock recognised as an expense during the year for the group was £6,685k (2015 - £6,994k). Stock recognised as an expense for the company for the year was £5,516k (2015 - £6,105k).

UV Group Plc

Notes to the Financial Statements For the Year Ended 30 September 2016

14. Debtors

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Trade debtors	3,554	3,063	2,795	2,298
Amounts owed by group undertakings	-	-	679	873
Other debtors	81	755	43	728
Prepayments and accrued income	111	103	111	102
Deferred taxation	4	16	-	-
	<u>3,750</u>	<u>3,937</u>	<u>3,628</u>	<u>4,001</u>

The deferred tax asset relates to tax losses which are expected to be offset against future taxable profits and falls due within one year.

The impairment loss recognised in the group profit or loss for the year in respect of bad and doubtful trade debtors was £39k (2015 - £7k). The impairment loss recognised in the company profit or loss for the year in respect of bad and doubtful trade debtors was £27k (2015 - negative £21k).

15. Cash and cash equivalents

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Cash and bank deposits less than three months	2,905	1,212	2,801	1,117
Bank term deposits greater than three months	2,900	3,700	2,900	3,700
	<u>5,805</u>	<u>4,912</u>	<u>5,701</u>	<u>4,817</u>

The bank term deposits greater than three months are not deemed as a cash equivalent under section 7.2 of FRS 102.

UV Group Plc

Notes to the Financial Statements For the Year Ended 30 September 2016

16. Creditors: Amounts falling due within one year

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Trade creditors	737	1,122	633	1,015
Amounts owed to group undertakings	-	-	3	83
Corporation tax	137	228	128	162
Other taxation and social security	127	123	125	118
Other creditors	1,082	1,078	1,073	1,071
Accruals and deferred income	405	477	389	446
	<u>2,488</u>	<u>3,028</u>	<u>2,351</u>	<u>2,895</u>

17. Financial instruments

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>9,679</u>	<u>8,746</u>	<u>9,389</u>	<u>8,716</u>
Financial liabilities				
Derivative financial instruments measured at fair value through profit or loss	(258)	(28)	(258)	(28)
Financial liabilities measured at amortised cost	<u>(1,967)</u>	<u>(2,648)</u>	<u>(1,839)</u>	<u>(2,122)</u>

Financial assets that are debt instruments measured at amortised cost comprise cash and trade and other debtors.

Derivative financial liabilities measured at fair value through profit or loss relate to foreign exchange contracts.

Financial liabilities measured at amortised cost comprise trade and other creditors, amounts owed to group undertakings and accruals and deferred income.

UV Group Plc

Notes to the Financial Statements For the Year Ended 30 September 2016

18. Deferred taxation

Group

	2016 £000
At beginning of year	16
Charged to consolidated income statement	(13)
At end of year	3

The deferred tax asset is made up as follows:

	Group 2016 £000	Group 2015 £000
Tax losses carried forward	4	16
	4	16

UV Group Plc

Notes to the Financial Statements For the Year Ended 30 September 2016

19. Share capital

	2016 £000	2015 £000
Allotted, called up and fully paid		
100,001 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

20. Reserves

The group's reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium

The share premium reserve includes the premium on issue of equity shares, net of any issue costs.

Revaluation reserve

The revaluation reserve contains gains arising on the revaluation of tangible fixed assets and is distributable on sale of these relevant assets.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Non-controlling interest

The non-controlling interest represents the proportion of reserves attributable to other shareholders in the group who are not the controlling party.

21. Pension commitments

The group contributes to a number of money purchase pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds (see note 6). At the year end an amount of £37,704 (2015 - £186,919) was included in creditors.

UV Group Plc

Notes to the Financial Statements For the Year Ended 30 September 2016

22. Commitments under operating leases

At 30 September 2016 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
In two to five years	136	100	80	100
	<u>136</u>	<u>100</u>	<u>80</u>	<u>100</u>

There were no other material operating lease commitments in respect of the group and the company.

23. Related party transactions

Key management personnel include all directors who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £1,352k (2015 - £1,289k).

At the statement of financial position date, UV Group Plc owed Artisan International Limited, a 80% owned subsidiary, £2,680 (2015 - £2,680).

24. Ultimate controlling party

The company was controlled throughout the current and previous year by The R Landes Family Settlement Trust.

25. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.