COMPANY NO: 885335

Haswell Engineers Limited

Annual Report

Year ended 30 September 2018

Contents

Company Information

Directors	P G Pollock S K Brett (resigned 21/03/2018) C J Buckenham (appointed 22/03/2018) P V Curtis (appointed 01/10/2018) G C Newman
Secretary	G C Newman
Registered office	Light & Power House Shire Hill Saffron Walden CB11 3AQ
Registered number	885335
Auditors	Grant Thornton UK LLP 101 Cambridge Science Park Milton Road Cambridge CB4 0FY
Bankers	Barclays Bank Plc PO Box 885 Mortlock House Vision Park, Histon Cambridge CB24 9DE

Strategic Report

Business description

The Company is a subsidiary of LPA Group Plc, is based in the South East of England and employs 12 people. It sells directly to a number of customers and its turnover is derived almost entirely from within the UK. Revenues comprise both higher value contracts and lower value routine business. The Company's business comprises:

- an after-market service offering which provides turnkey solutions for minor modifications and upgrades and which is presently focussed on the rail sector; and
- the manufacture of light engineering sheet metal components (with a focus on high quality, service and short production runs) for general industrial markets, including the rail sector.

Business review

Overall sales fell £0.127 million (8%) to £1.51m (2017: £1.64m). Whilst the consequence of a much weaker performance from after-market services (where turnover was down 43% on that achieved in 2017) although the sheet metal component activity was much improved (a sales increase of 28%). With the ongoing demand for niche sheet metal fabrication against continued market demand constraints within the after-market rail sector, gross margins fell slightly to 30.1% (2017: 31.4%). Operating costs increased £22k to £265k (2017: £243k) such that an operating profit before exceptional items of £190k (2017: £272k) resulted.

Exceptional costs of £59k were incurred in the year and represented a reorganisation of the Company's after-market rail business, reflecting the downturn in these revenues (2017 included a £7.5k exceptional cost associated with the earlier relocation of the Company's activities).

The fall in after-market services activity meant that overall order entry was 26% lower than that recorded in the previous year although it was in line with current year sales. The directors expect the Company to make limited progress in the coming year with the after-rail aftermarket remaining depressed, but with a continued focus on niche sheet metal fabrication opportunities, supported by automation and capability investments made in 2018.

Key performance indicators

The Company uses the following key performance indicators to assess the progression in its business:

- Orders to sales (orders for the year expressed as a multiple of sales) as a measure of prospective growth being 0.81 in the current year (2017: 1.00, 2016: 0.98);
- Sales growth (the increase in year on year sales as a percentage of prior year sales) as a measure of current growth being fall of 7.7% in the current year (2017 fall of 34.9%; 2016: rise of 15.3%);
- Gross margin (gross profit as a percentage of turnover) as a measure of profitability being 30.1% in the current year (2017: 31.4%; 2016: 14.0%); and
- Net cash flow (net cash flow before financing) as a measure of cash generation being an inflow of £159k for the current year (2017: inflow of £551k, 2016: outflow of £84k).

Principal risks and uncertainties

The principal risks confronting the Company, where adverse changes could impact results, are:

- Certain activities benefit from long standing commercial relationships with key customers and suppliers. The Company devotes resource to ensure that good customer relationships are maintained while continuing to build relationships with new customers across different business sectors.
- The Company operates in competitive markets which are subject to technical advances and intensive price competition.
- The general trend of specialist metal forming activities moving offshore.

By order of the Board
P V Curtis
Director

23 January 2019

Report of the Directors

The directors present their report and the audited financial statements for the year ended 30 September 2018.

Results and dividends

The profit on ordinary activities after taxation amounted to £112,624 (2017: £279,849). The directors do not recommend the payment of a dividend (2017: Nil).

Principal activities

The principal activities of the Company continue to be: (i) the manufacture of light engineering sheet metal components; and (ii) an after-market service offering which provides turnkey solutions for minor modifications and upgrades and which is presently focussed on the rail sector.

Directors and their interests

The directors who served during the year are shown on page 1.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom generally accepted accounting practice (United Kingdom accounting standards and applicable laws) including FRS102, the financial reporting standard applicable in the United Kingdom and Republic of Ireland. 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 and 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 United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Directors (continued)

Auditors

Grant Thornton UK LLP are willing to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approval

The report of the directors was approved by the Board on 23 January 2019 and signed on its behalf by:

C J Buckenham
Director

Haswell Engineers Limited is registered in England No 885335

Independent auditor's report to the members of Haswell Engineers Limited

Opinion

We have audited the financial statements of Haswell Engineers Limited (the 'company') for the year ended 30 September 2018 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).
In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 2 to 4 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

Independent auditor's report to the members of Haswell Engineers Limited (continued)

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 report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the directors has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the report of the directors.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Grant Thornton UK LLP

Paul C Brown
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge

Date: 24 January 2019

Profit and Loss Account

for the year ended 30 September 2018

	Note	2018 £	2017 £
Turnover	4	1,511,449	1,638,032
Cost of sales		(1,057,010)	(1,123,216)
Gross profit		454,439	514,816
Sales and distribution costs		(21,107)	(21,922)
Administrative expenses		(243,815)	(221,206)
Operating profit before exceptional item		189,517	271,688
Non-underlying costs	6	(58,718)	(7,500)
Operating profit		130,799	264,188
Interest payable	5	(4,620)	(4)
Profit on ordinary activities before taxation	6	126,179	264,184
Tax on profit on ordinary activities	8	(13,555)	15,665
Profit for the financial year		112,624	279,849
Attributable to:			
- Equity holders of the parent		112,624	279,849

All activities are continuing.

The notes on pages 10 to 19 form an integral part of these financial statements.

Statement of Comprehensive Income

for the year ended 30 September 2018

	2018 £	2017 £
Profit for the financial year	112,624	279,849
Other comprehensive income	-	-
Total comprehensive income for the financial year	112,624	279,849
Attributable to:		
- Equity holders of the parent	112,624	279,849

The notes on pages 10 to 19 form an integral part of these financial statements.

Balance Sheet

at 30 September 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	9	274,537	150,170
Current assets			
Stocks	10	71,610	52,330
Debtors	11	267,264	217,860
Cash at bank and in hand		-	999
		338,874	271,189
Creditors: Amounts falling due within one year	12	(1,132,988)	(1,134,026)
Net current assets		(794,114)	(863,837)
Total assets less current liabilities		(519,577)	(712,667)
Creditors: Amounts falling due after more than one year	13	(80,467)	-
Net assets		(600,044)	(712,667)
Capital and reserves			
Called up share capital	16	320,000	320,000
Profit and loss reserve	17	(920,044)	(1,032,667)
Equity shareholders' funds		(600,044)	(712,667)

The notes on pages 10 to 19 form an integral part of these financial statements.

The financial statements were approved by the Board on 23 January 2019 and signed on its behalf by:

P G Pollock
Director

Statement of Changes in Equity

For the year ended 30 September 2018

	Called up share capital £	Profit and loss reserve £	Total £
As at 1 October 2017	320,000	(1,032,667)	(712,667)
Total comprehensive income for the financial year	-	112,624	112,624
As at 30 September 2018	320,000	(920,043)	(600,043)

For the year ended 30 September 2017

	Called up share capital £	Profit and loss reserve £	Total £
As at 1 October 2016	320,000	(1,312,516)	(992,516)
Total comprehensive income for the financial year	-	279,849	279,849
As at 30 September 2017	320,000	(1,032,667)	(712,667)

The notes on pages 10 to 19 form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 30 September 2018

1. Company Information

Haswell Engineers Limited is a private limited company incorporated in England. Its principal place of business and registered office is Light & Power House, Shire Hill, Saffron Walden, CB11 3AQ.

The Company's business continues to comprise:

- an after-market service offering which provides turnkey solutions for minor modifications and upgrades and which is presently focussed on the rail sector; and

- the manufacture of light engineering sheet metal components (with a focus on high quality, service and short production runs) for general industrial markets.

2. Basis of Preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS102"), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in Sterling (£).

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 2. The Company is a subsidiary of LPA Group plc which manages its banking arrangements on a pooled basis across the Group.

Whilst current economic conditions create uncertainty, as: (i) the directors have received a letter of continuing financial support from LPA Group plc; (ii) LPA Group plc has previously demonstrated its willingness to invest in the Company; (iii) the Company has enjoyed an improved trading performance; (iv) opportunities remain within the Company's market place; (v) the Group has in place adequate working capital facilities for its forecast needs; and (vi) the Company has proven adaptable in past periods of adversity, the directors believe that the Company is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

3. Accounting Policies

A. Tangible fixed assets

Tangible fixed assets are measured at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost or valuation, less estimated residual value, of all tangible fixed assets, other than freehold land, by equal annual instalments over their estimated useful economic lives. The rates generally applicable are:

Plant and machinery	7% - 25%
Fixtures and fittings	20%
Office equipment	33%

A profit or loss on disposal is recognised in the profit and loss account at the surplus or deficit of disposal proceeds over net carrying amount of the asset at the time of disposal.

3. Accounting Policies (continued)

B. Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

C. Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Finance leases
Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Operating leases
Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the period of the lease, unless the rental payments are structured to increase in line with expected general inflation, in which case the Company recognises annual rent expense equal to amounts owed to the lessor. Lease incentives are spread over the term of the lease.

D. Stocks

Stocks are stated at the lower of cost and net realisable value. The costs of ordinarily interchangeable items are based on a first-in, first-out basis. Cost includes direct materials, direct labour and an appropriate proportion of production overheads based on normal levels of activity.

E. 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.

F. Creditors

Short term trade 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.

G. Foreign currencies

Transactions in foreign currencies (those other than Sterling) are recognised at the exchange rate ruling at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise.

Notes to the Financial Statements

for the year ended 30 September 2018

3. Accounting Policies (continued)

H. Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

The tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if the Company has a legally enforceable right to set off current tax assets against current tax liabilities.

I. Turnover

Turnover is the revenue arising from the value of goods and services supplied by the Company excluding value added tax, trade and volume discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer of the goods, generally upon despatch, and reliable measurement is possible. Revenue is not recognised where recovery of the consideration is not probable or there are significant uncertainties regarding associated costs, or the possible return of goods.

Revenue from the provision of services is recognised when the Company has performed its obligations and in exchange obtained the right to consideration.

J. Employee benefits

A liability for short-term compensated absences, such as holiday, is recognised at the amount the company may be required to pay as a result of the unused entitlement that has accumulated at the balance sheet date. Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

K. Exceptional and non-underlying items

Exceptional items are material items of profit and loss which by virtue of their size or nature are separately disclosed to assist in the better understanding of the Company's performance.

L. Disclosures and cash flow statement

As a qualifying entity, the Company has adopted the following disclosure exemptions under FRS102:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures
- key management remuneration disclosures

The company is included in the consolidated financial statements of LPA Group Plc which can be obtained from www.lpa-group.com.

Notes to the Financial Statements

for the year ended 30 September 2018

3. Accounting Policies (continued)

M. Significant judgements and estimates

The preparation of the financial statements requires management to make judgements on the application of its accounting policies and make estimates about the future. Actual results may differ from these assumptions. There are no critical judgements made in arriving at the amounts included in these financial statements nor are there key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

4. Geographical Analysis of Turnover

	2018 £	2017 £
United Kingdom	1,511,449	1,637,327
Rest of Europe	-	705
	1,511,449	1,638,032

In the opinion of the directors, the activities of the Company constitute one business segment.

5. Interest Payable

	2018 £	2017 £
Interest payable – hire purchase contracts	4,040	-
Interest payable – bank	580	4
	4,620	4

6. Profit on Ordinary Activities Before Taxation

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

A. Within operating profit before exceptional item	2018 £	2017 £
Depreciation on tangible fixed assets	46,712	30,079
Operating lease rentals - plant and machinery	-	-
Fees payable to the Company's auditor for the audit of the Company's annual accounts	7,500	6,000
Fees payable to the Company's auditor and its associates for tax services	-	3,000

B. Within non-underlying costs	2018 £	2017 £
Closure costs	-	7,500
Reorganisation costs	58,718	-
	58,718	7,500

Notes to the Financial Statements

for the year ended 30 September 2018

6. Profit on Ordinary Activities Before Taxation (continued)

Restructure costs are associated with a realignment of the Company's cost base. Closure costs shown are associated with the previous reorganisation of the Company's activities following the relocation of the Business to its current site and are considered to be exceptional in the previous year. No further costs are anticipated.

7. Employees

Average monthly number of employees, excluding directors:	2018	2017
	No	No
Production	10	10
Sales and distribution	-	-
Administration	2	2
	12	12

Staff costs:	2018	2017
	£	£
Wages and salaries	450,199	430,787
Social security costs	41,219	41,072
Pension costs	12,109	8,880
	503,527	480,739

The directors received no remuneration from the Company.

8. Tax on Profit on Ordinary Activities

	2018	2017
	£	£
United Kingdom corporation tax		
Group relief payable	-	-
Adjustments in respect of prior years	-	-
Current taxation	-	-
Deferred taxation		
Net origination and reversal of timing differences	13,555	(15,665)
Tax on profit on ordinary activities	13,555	(15,665)

Notes to the Financial Statements

for the year ended 30 September 2018

8. Tax on Profit on Ordinary Activities (continued)

Tax reconciliation

	2018 £	2017 £
Profit on ordinary activities before taxation	126,179	264,184
UK corporation tax at a rate of 19% (2017: 19.5%)	23,978	51,516
Effects of:		
- Accelerated capital allowances	3,518	(1,882)
- Expenditure that is not tax deductible	8	8
- Allowance for share option exercise	-	-
- Utilisation of tax losses	(13,949)	(66,100)
- Unrelieved tax losses	-	-
- Other short term timing differences	-	793
Tax on profit on ordinary activities	13,555	(15,665)

9. Tangible Fixed Assets

	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
Cost				
At 1 October 2017	790,717	7,350	3,262	801,329
Additions	171,079	-	-	171,079
At 30 September 2018	961,796	7,350	3,262	972,408
Depreciation				
At 1 October 2017	645,392	2,613	3,154	651,159
Charged in year	45,134	1,470	108	46,712
At 30 September 2018	690,526	4,083	3,262	697,871
Net book value				
At 30 September 2018	271,270	3,267	-	274,537
At 30 September 2017	145,325	4,737	108	150,170

The net book value of the tangible fixed assets includes £153,971 (2017: £Nil) in respect of assets held under hire purchase contracts. Depreciation charged in the period on those assets amounted to £17,108 (2017: £Nil).

Notes to the Financial Statements

for the year ended 30 September 2018

10. Stocks

	2018 £	2017 £
Raw materials	7,515	17,127
Work in progress	29,929	11,271
Finished goods	34,166	23,932
	71,610	52,330

Stock recognised in cost of sales during the year as an expense was £1,057,010 (2017: £1,136,136). An impairment profit of £12,882 (2017: profit £8,074) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

11. Debtors

	2018 £	2017 £
Trade debtors	149,949	62,714
Amounts due from group undertakings	74,869	38,113
Prepayments and accrued income	11,222	72,254
Deferred tax (note 15)	31,224	44,779
	267,264	217,860

An impairment loss of £Nil (2017: £Nil) was recognised against trade debtors.

12. Creditors: Amounts Falling Due Within One Year

	2018 £	2017 £
Bank overdraft	848,136	983,655
Trade creditors	57,577	66,113
Amounts owed to group undertakings	91,188	43,133
Other taxation and social security	20,861	11,908
Accruals and other deferred income	81,845	29,217
Obligations under hire purchase contracts (note 14)	33,381	-
	1,132,988	1,134,026

13. Creditors: Amounts Falling Due After More Than One Year

	2018 £	2017 £
Obligations under hire purchase contracts (note 14)	80,467	-

14. Obligations Under Hire Purchase Contracts

The Company's obligations under hire purchase contracts are analysed by maturity below:

	2018 £	2017 £
Within one year	33,381	-
Between one and two years	34,821	-
Between two and five years	45,646	-
	113,848	-

Finance lease and hire purchase liabilities are secured against the assets to which they relate.

15. Provisions for Liabilities

Deferred taxation

	£
At 1 October 2017	(44,779)
Charge to the profit and loss account in the year	13,555
At 30 September 2018	(31,224)

Deferred taxation provided in the accounts is as follows:

	2018 £	2017 £
Accelerated capital allowances	(4,752)	(11,779)
Other short-term timing differences	-	-
Losses	(26,472)	(33,000)
	(31,224)	(44,779)

Deferred tax assets are disclosed in note 11.

Deferred tax assets of £52,000 (2017: £71,000) have not been recognised in respect of unrelieved losses of £290,000 (2017: £371,000) because of uncertainty over the timing of their recoverability. The tax losses have no expiry date.

A deferred tax asset of £26,472 (2017: £33,000) relating to unrelieved losses of £147,000 (2017: £174,000) has been recognised as the Directors believe there is a reasonable degree of certainty that they will be utilised in the near term.

Notes to the Financial Statements

for the year ended 30 September 2018

16. Share Capital

	2018 £	2017 £
Allotted and fully paid		
320,000 ordinary shares of £1 each	320,000	320,000

17. Reserves

Called-up share capital

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

Profit and loss reserve

The profit and loss reserve includes all current and prior period retained profits and losses.

18. Financial Commitments

Capital commitments

Contracted for but not provided in the accounts amounted to £Nil (2017: £114,244).

19. Transactions with Related Parties

The Company's immediate parent undertaking and controlling party is LPA Group plc a company incorporated in England and Wales. Copies of LPA Group plc group accounts, which include the Company, are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The Company has taken advantage of the exemption conferred by FRS102 and has not disclosed related party transactions with group undertakings during the period.

20. Contingent Liabilities

The following security is provided to Barclays Bank plc in respect of LPA Group plc's £2.17 million term loan facility: (i) a debenture from the Company; and (ii) a cross guarantee by the Company as guarantor on account of the obligations of each Group company to Barclays Bank plc.

Notes to the Financial Statements

21. Financial Risk Management

The Company is exposed to foreign currency, interest rate, liquidity and credit risks, either directly on its own account and/or indirectly through being a member of the LPA Group. The main area of risk confronting the Company directly is credit risk. The Company's approach and where relevant the Group's policy of managing risk are outlined overleaf.

A. Currency risk

Currency exposure arises on sale or purchase transactions in currencies other than sterling, the functional currency of the Company. It is the Group's policy to minimise risk to exchange rate movements affecting sales and purchases by netting currency exposures across the Group, or when there is a high probability of a future commitment arising, using forward exchange contracts. The Group and Company's principal exposure is in respect of the Euro. The Group had no commitments under forward foreign exchange contracts in the year (2017: £Nil). The Group does not trade in derivatives or make speculative hedges.

B. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade receivables, but also from cash and cash equivalents, and other financial assets.

Trade receivables
The Company offers credit terms to its customers which allow payment of the debt after delivery of the goods and so it is at risk to the extent that a customer may be unable to pay the debt on the specified due date. The exposure to credit risk is principally influenced by the individual characteristics of each customer as opposed to a more general demographic of the customer base. Credit risk is managed on an ongoing basis by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. Credit risk is minimised through cash flow management.

Cash and cash equivalents
The Group monitors counterparties with whom it deposits cash and transacts other financial instruments so as to control exposure to any one institution.

C. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Group's approach is to ensure that, as far as possible, it will have adequate resources to meet its foreseeable financing requirements, with headroom to cope with adverse market conditions. The Group's operations are funded through a combination of retained profits, acquiring an element of its fixed assets under finance leases, medium-term bank loans with short-term flexibility achieved through the use of overdraft facilities.

D. Interest rate risk

The Group is exposed to risk from the effect of changes in floating interest rates on the level of interest it pays on its borrowings and receives on its cash deposits. The only financial liabilities of the Group which are subject to interest charges are bank loans, overdrafts and finance lease obligations. The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on financial performance of the Group.