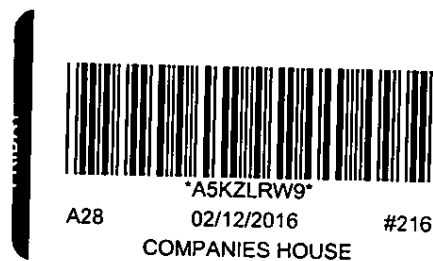


Registered number 00889363

A.B. PRECISION (POOLE) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016



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A.B. PRECISION (POOLE) LIMITED

COMPANY INFORMATION

Director	J G Harris
Registered number	00889363
Registered office	1 Fleets Lane Poole Dorset BH15 3BZ
Independent auditors	Ernst & Young LLP Statutory Auditor No 1 Colmore Square Birmingham B4 6HQ
Bankers	HSBC Bank plc 130 New Street Birmingham B2 4JH

A.B. PRECISION (POOLE) LIMITED

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A.B. PRECISION (POOLE) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2016

Introduction

The director presents his strategic report for the year ended 31 March 2016

Business review

The profit for the year after taxation amounted to £1,408,948 (2015 - £967,419) The main performance measures used by the company are sales, profits and cash generation

Sales for the year were £14,335,899, an increase of 12% on the previous year (2015 - £12,755,901) Automation, Defence Equipment and Support (DE&S) and Explosive Ordnance Disposal (EOD) all showed significant improvement

Handling and Special Products (H&SP) sales were significantly affected by delays in expected orders

All business areas have strong prospects moving in to FY 17/18 Automation have long term visibility of high value contracts and are seeing an upturn in orders from new customers EOD have seen a healthy upturn in their market sector and have won significant orders in the Middle and Far East

DE&S and H&SP have now merged to form a single business unit "Defence Support and Special Projects" (DSSP)

After net interest payable of £35,381 (2015 - £46,772 net receivable), profit before tax was £1,692,477 (2015 - £1,156,572)

A tax charge of £283,529 (2015 - £189,153) was recorded, resulting in a profit after tax of £1,408,948 (2015 - £967,419)

Cash balances at the year-end were £3,924,832 (2015 - £1,583,371)

Principal risks and uncertainties

The company's principal financial instruments comprise cash and cash equivalents The main purpose of these financial instruments is to provide finance for the company's operations The company has various other financial assets and liabilities, including trade debtors and creditors and amounts owed to and by Group undertakings that arise directly from its operations

The company enters into forward foreign currency contracts when appropriate, whose purpose is to manage the foreign currency risks arising from the company's operations

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments of a speculative nature shall be undertaken

The principal risks associated with the company's financial assets and liabilities are set out below

Liquidity risk

The company aims to mitigate liquidity risk by managing cash generated by its operations The company is party to a cross-guarantee securing certain banking facilities of other companies under common control

Foreign currency risk

The company has exposure to a number of foreign currencies through its purchases and sales of products Exposure is principally to US dollars and Euros The company takes out forward foreign currency contracts to mitigate this risk, consistent with the Group's policy of hedging against known and highly probable exposures for a 6-12 month forward period

A B. PRECISION (POOLE) LIMITED

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2016**

This report was approved by the board on *NOVEMBER 25, 2016* and signed on its behalf

J. G. Harris
J G Harris
Director

A.B. PRECISION (POOLE) LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2016

The director presents his report and the financial statements for the year ended 31 March 2016

Director's responsibilities statement

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the director must not approve the financial statements unless he is satisfied that he gives 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 director is required to

- select suitable accounting policies for the Company financial statements and then apply them consistently,
- make judgments 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Principal activity

The principal activity of the company continues to be design and manufacture for mechanical and electronic engineering contracts.

Results and dividends

The profit for the year, after taxation, amounted to £1,408,948 (2015 - £967,419)

No interim dividends were declared and paid during the year (2015 - £Nil). The director does not propose the payment of a final dividend.

Director

The director who served during the year was

J G Harris

Future developments

The company will continue to develop and update its product range to meet the evolving needs of its customers. Particular emphasis will be placed on Homeland Security products which form a significant part of its growing export market.

A.B. PRECISION (POOLE) LIMITED

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

Going concern

The company is party to a cross guarantee of certain banking facilities of other related companies. The facilities are secured by fixed and floating charges over the assets and undertakings of companies under common ownership. On the basis that there is no current requirement to provide support under this cross guarantee, the director considers that the company has adequate resources to continue in operation for the foreseeable future. In forming this view, the director has reviewed budgets and other financial information. For this reason the director considers it appropriate to continue to adopt the going concern basis in preparing the accounts.

Research and development activities

The company is committed to a policy of investment in the future both by acquisition of new capital equipment and by expenditure on innovative research and product development and improvement.

Matters covered in the strategic report

Information as required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the Strategic Report.

Disclosure of information to auditors

The director at the time when this Director's Report is approved has confirmed that

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he 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's auditors are aware of that information.

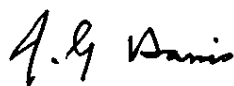
Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

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

This report was approved by the board on **NOVEMBER 25 2016** and signed on its behalf



J G Harris
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A.B. PRECISION (POOLE) LIMITED

We have audited the financial statements of A B Precision (Poole) Limited for the year ended 31 March 2016, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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 Director's Responsibilities Statement as set out on page 3, the director is 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 director, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and the financial statements 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A.B. PRECISION (POOLE) LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, 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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Christopher Voogd (Senior Statutory Auditor)

for and on behalf of
Ernst & Young LLP

Statutory Auditor

No 1 Colmore Square
Birmingham
B4 6HQ

Date

30 November 2016

A.B. PRECISION (POOLE) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 £	2015 £
Turnover	4	14,335,899	12,755,901
Cost of sales		(9,774,245)	(8,970,252)
Gross profit		4,561,654	3,785,649
Administrative expenses		(2,834,287)	(2,675,849)
Fair value movements		491	-
Operating profit	5	1,727,858	1,109,800
Interest receivable and similar income	7	88,589	51,487
Interest payable and expenses	8	(123,970)	(4,715)
Profit before tax		1,692,477	1,156,572
Tax on profit	9	(283,529)	(189,153)
Profit for the year		1,408,948	967,419

There was no other comprehensive income for 2016 (2015 £NIL)

A B. PRECISION (POOLE) LIMITED
REGISTERED NUMBER: 00889363

BALANCE SHEET
AS AT 31 MARCH 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	10	233,403	220,569
		<u>233,403</u>	<u>220,569</u>
Current assets			
Stocks	11	1,601,113	1,482,837
Debtors amounts falling due within one year	12	2,371,349	2,574,645
Cash at bank and in hand	13	3,924,832	1,583,371
		<u>7,897,294</u>	<u>5,640,853</u>
Creditors amounts falling due within one year	14	(4,415,281)	(4,415,998)
Net current assets		<u>3,482,013</u>	<u>1,224,855</u>
Total assets less current liabilities		<u>3,715,416</u>	<u>1,445,424</u>
Creditors amounts falling due after more than one year	15	(907,728)	-
Provisions for liabilities			
Deferred tax	17	(13,402)	(16,834)
Other provisions	18	(29,361)	(72,613)
		<u>(42,763)</u>	<u>(89,447)</u>
Net assets		<u><u>2,764,925</u></u>	<u><u>1,355,977</u></u>
Capital and reserves			
Called up share capital	19	13,755	13,755
Profit and loss account	20	2,751,170	1,342,222
		<u>2,764,925</u>	<u>1,355,977</u>

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

J. G. Harris

J G Harris
Director

NOVEMBER 25 2016

The notes on pages 10 to 27 form part of these financial statements

A.B. PRECISION (POOLE) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Share capital £	Retained earnings £	Total equity £
At 1 April 2015	13,755	1,342,222	1,355,977
Comprehensive income for the year			
Profit for the year	-	1,408,948	1,408,948
At 31 March 2016	13,755	2,751,170	2,764,925

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015**

	Share capital £	Retained earnings £	Total equity £
At 1 April 2014	13,755	374,803	388,558
Comprehensive income for the year			
Profit for the year	-	967,419	967,419
At 31 March 2015	13,755	1,342,222	1,355,977

The notes on pages 10 to 27 form part of these financial statements

A.B. PRECISION (POOLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. General information

A B Precision (Poole) Limited is a limited liability company incorporated and domiciled in England & Wales

The Registered Office is 1 Fleets Lane, Poole, Dorset, BH15 3BZ

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom 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 27

The Company has chosen to early adopt the amended Financial Reporting Standard 102 (September 2015)

Certain comparative amounts have been re-stated or re-classified to conform with the current year presentation

The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £1

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

The following principal accounting policies have been applied

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

- the requirements of Section 7 Statement of Cash Flows,
- the requirements of Section 3 Financial Statement Presentation paragraph 3 17(d),
- the requirements of Section 11 Financial Instruments paragraphs 11 39 to 11 48A,
- the requirements of Section 12 Other Financial Instruments paragraphs 12 26 to 12 29,
- the requirements of Section 33 Related Party Disclosures paragraph 33 7

This information is included in the consolidated financial statements of AB Precision Holdings Limited as at 31 March 2016 and these financial statements may be obtained from c/o Shakespeare Martineau LLP, 1 Colmore Square, Birmingham B4 6AA

A.B. PRECISION (POOLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2. Accounting policies (continued)

2.3 Going concern

The company is party to a cross guarantee of certain banking facilities of other related companies. The facilities are secured by fixed and floating charges over the assets and undertakings of companies under common ownership. On the basis that there is no current requirement to provide support under this cross guarantee, the director considers that the company has adequate resources to continue in operation for the foreseeable future. In forming this view, the director has reviewed budgets and other financial information. For this reason the director considers it appropriate to continue to adopt the going concern basis in preparing the accounts.

2.4 Revenue

Revenue is recognised when the goods are despatched or the services provided. Where contracts allow for milestone claims, revenue is recognised upon completion of works or services provided in accordance with the contract.

Revenues and profits on long-term contracts are considered on an individual basis, however the majority are computed on the percentage of completion method, based on accumulated costs to date of each project, primarily by reference to labour hours and material costs. Profits are determined once the outcome of the contract can be assessed with reasonable certainty, after making reserves against all anticipated costs, including all possible warranty claims.

The excess of payments received and receivable, over amounts recorded as turnover, is recorded as payments received on account and included within creditors due within one year.

2.5 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Long-term leasehold property	- over the life of the lease
Plant and machinery	- 4 to 10 years

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 within 'Administrative Expenses' in the Profit and Loss Account.

A.B. PRECISION (POOLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2. Accounting policies (continued)

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

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 repayable 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.

2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

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 payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

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 Profit and Loss Account.

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 Company would receive for the asset if it were to be sold at the balance sheet date.

A.B. PRECISION (POOLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2. Accounting policies (continued)

2.9 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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, such as 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 profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for 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.

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 Profit and Loss Account except when deferred in other comprehensive income as qualifying cash flow hedges.

All other foreign exchange gains and losses are presented in the Profit and Loss Account within 'administrative expenses'.

2.12 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

A.B. PRECISION (POOLE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

2 Accounting policies (continued)

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

2.15 Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the year in which they are incurred.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

A.B. PRECISION (POOLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a change 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 balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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, and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 balance sheet date.

2.18 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

A.B. PRECISION (POOLE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

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

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and disclosures of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates, together with expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The following judgments/estimates have had the most significant effect on amounts recognised in the financial statements:

Deferred tax - recognition of assets

Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the estimated timing and level of future taxable profits together with an assessment of future tax planning strategies.

Obsolete stock provision

At each balance sheet date, stocks are reviewed for impairment. If stock is impaired the carrying value is reduced. The provision is based upon a percentage reduction linked to when the stock was last used, and whether any future contracts need the items of stock.

Warranty Provision

Provision is made for potential warranty claims in respect of completed projects which are within their warranty period. This is based upon previous experience of warranty claims.

Recoverability of debtors

At each balance sheet date, debtors are reviewed for recoverability. If a concern exists as to the recoverability of any individual debtor the carrying value is reduced. The provision is based upon an assessment of the amount which may not be recovered based on the evidence in hand at the time.

4. Analysis of turnover

The whole of the turnover is attributable to the one business activity of the company.

Analysis of turnover by country of destination

	2016 £	2015 £
United Kingdom	6,527,210	3,558,587
Rest of Europe	4,579,349	6,803,144
Rest of the world	3,229,340	2,394,170
	<u>14,335,899</u>	<u>12,755,901</u>

A.B. PRECISION (POOLE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

5. Operating profit

The operating profit is stated after charging

	2016 £	2015 £
Research & development charged as an expense	241,259	107,186
Depreciation of tangible fixed assets	83,077	59,823
Fees payable to the Company's auditor and its associates for the audit of the company's annual financial statements	29,020	20,500
Exchange differences	(26,936)	(33,947)
Defined contribution pension cost	117,615	100,965
Operating lease charges		
- land and buildings	169,250	169,250
- other	36,409	75,452
	<u>169,250</u>	<u>169,250</u>

During the year, no director received any emoluments (2015 - £NIL)

6. Employees

Staff costs were as follows

	2016 £	2015 £
Wages and salaries	3,410,256	2,971,837
Social security costs	297,332	523,260
Cost of defined contribution scheme	117,615	100,965
	<u>3,825,203</u>	<u>3,596,062</u>

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

	2016 No.	2015 No
Manufacturing	69	65
Administration, selling, distribution and assembly	9	9
	<u>78</u>	<u>74</u>

A.B. PRECISION (POOLE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

7 Interest receivable

	2016	2015
	£	£
Bank interest receivable	74,022	35,152
Other interest receivable	14,567	16,335
	88,589	51,487

8. Interest payable and similar charges

	2016	2015
	£	£
Bank interest payable	411	148
Other loan interest payable	120,980	-
Other interest payable	2,579	4,567
	123,970	4,715

A.B. PRECISION (POOLE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

9. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	286,961	143,570
Adjustments in respect of previous periods	-	6,646
	286,961	150,216
 Group taxation relief	-	27,124
	286,961	177,340
 Total current tax	286,961	177,340
 Deferred tax		
Origination and reversal of timing differences	(2,676)	11,813
Changes to tax rates	(703)	-
Other timing differences	(53)	-
 Total deferred tax	(3,432)	11,813
 Taxation on profit on ordinary activities	283,529	189,153

A.B. PRECISION (POOLE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

9 Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - *lower than*) the standard rate of corporation tax in the UK of 20% (2015 - 21%) The differences are explained below

	2016 £	2015 £
Profit on ordinary activities before tax	<u>1,691,986</u>	<u>1,156,572</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	338,493	242,880
Effects of		
Non-tax deductible amortisation of goodwill and impairment	7,242	7,520
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(58,589)	(63,873)
Capital allowances for year in excess of depreciation	-	(1,917)
Adjustments to tax charge in respect of prior periods	-	6,646
Other timing differences leading to an increase (decrease) in taxation	-	1,917
Non-taxable income	(2,914)	(3,430)
Effect of tax rate changes	(703)	(590)
Total tax charge for the year	<u>283,529</u>	<u>189,153</u>

Factors that may affect future tax charges

The Finance Act (No 2) Act 2015, which was passed on 18 November 2015, provided that the main UK corporation tax rate will be reduced to 19% from 1 April 2017 and to 18% from 2020. In addition, the chancellor announced in his 2016 Summer Budget that from 1 April 2020, the rate will be in fact reduced to 17%.

These changes will impact the future tax liabilities of the company

A.B. PRECISION (POOLE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

10. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Total £
Cost or valuation			
At 1 April 2015	317,546	450,231	767,777
Additions	84,188	11,723	95,911
At 31 March 2016	<u>401,734</u>	<u>461,954</u>	<u>863,688</u>
Depreciation			
At 1 April 2015	216,770	330,438	547,208
Charge owned for the period	41,974	41,103	83,077
At 31 March 2016	<u>258,744</u>	<u>371,541</u>	<u>630,285</u>
Net book value			
At 31 March 2016	<u>142,990</u>	<u>90,413</u>	<u>233,403</u>
At 31 March 2015	<u>100,776</u>	<u>119,793</u>	<u>220,569</u>

11. Stocks

	2016 £	2015 £
Work in progress	954,982	839,766
Finished goods and goods for resale	646,131	643,071
	<u>1,601,113</u>	<u>1,482,837</u>

Stock recognised in cost of sales during the year as an expense was £7,478,437 (2015 - £6,861,142)

An impairment loss of £23,609 (2015 - £1,961) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock

A.B. PRECISION (POOLE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

12. Debtors

	2016 £	2015 £
Trade debtors	1,955,373	2,235,027
Amounts owed by group undertakings	85,561	20,325
Amounts owed by related party undertakings	1,632	-
Other debtors	199,273	200,798
Prepayments and accrued income	124,298	118,495
Financial instruments	5,212	-
	<u>2,371,349</u>	<u>2,574,645</u>

13. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	<u>3,924,832</u>	<u>1,583,371</u>

14 Creditors Amounts falling due within one year

	2016 £	2015 £
Other loans	936,024	-
Trade creditors	1,478,629	2,352,873
Amounts owed to related party undertakings	302,044	-
Corporation tax	297,301	10,340
Taxation and social security	83,145	73,842
Other creditors	18,290	-
Accruals and deferred income	1,295,127	1,978,943
Financial instruments	4,721	-
	<u>4,415,281</u>	<u>4,415,998</u>

A.B. PRECISION (POOLE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

15. Creditors Amounts falling due after more than one year

	2016	2015
	£	£
Other loans	907,728	-
	907,728	-

16 Loans

Analysis of the maturity of loans is given below

	2016	2015
	£	£
Amounts falling due within one year		
Other loans	936,024	-
Amounts falling due 1-2 years		
Other loans	519,899	-
Amounts falling due 2-5 years		
Other loans	387,829	-

Secured loans

Included within Other loans is a loan of £1,361,799 that is secured by a fixed and floating charge over the assets and undertaking of the company

A.B. PRECISION (POOLE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

17. Deferred taxation

	Deferred tax liability £
At 1 April 2015	16,834
Charged to the income statement	(3,432)
At 31 March 2016	13,402

The provision for deferred taxation is made up as follows

	2016 £	2015 £
Accelerated capital allowances	15,271	18,751
Other timing differences	(1,869)	(1,917)
	13,402	16,834

18. Provisions

	Warranty provision £
At 1 April 2015	72,613
Charged to the income statement	(42,269)
Utilised in year	(983)
At 31 March 2016	29,361

The warranty provision represents the best estimate of the potential exposure to the company on customer claims against work carried out. It is expected that any transfer of economic benefits will occur within one year.

19. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
13,755 Ordinary shares of £1 each	13,755	13,755

A.B. PRECISION (POOLE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

20. Reserves

Profit and loss account

Profit and loss account reserve relates to accumulated profits less distributions to shareholders

21. Contingent liabilities

As part of the normal process of trade, HSBC Bank PLC provides certain performance and advance payment guarantees required by some customers in relation to contracts entered into by the company. In turn, the company provides the bank with counter indemnities for the granting of such guarantees, which at the balance sheet date amounted to £107,772 (2015 - £289,549)

The company has indemnified HSBC Bank PLC in connection with a duty deferment guarantee in favour of HM Revenue & Customs in the sum of £20,000 (2015 - £20,000)

The Company is party to a cross guarantee in favour of HSBC Bank plc which secures the provision of certain banking facilities to various companies under common ownership. Since August 2014, the facilities comprise the provision of bonds and guarantees, foreign exchange trading and normal commercial banking facilities for receipts and payments together with a mortgage facility over one freehold property owned by a company under common ownership. The facilities are secured by fixed and floating charges over the assets and undertakings of companies under common ownership.

22. Capital commitments

At 31 March 2016 the company had capital commitments totalling £Nil (2015 - £Nil)

23. Pension commitments

The company operates a defined contribution group personal pension scheme for the benefit of employees. The charge in the year was £117,615 (2015 - £104,179). At the year end there was a pension creditor of £18,290 (2015 - £17,861) included with other creditors.

A.B. PRECISION (POOLE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

24. Commitments under operating leases

At 31 March 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows

	2016 £	2015 £
Land and buildings		
Not later than 1 year	169,250	169,250
Later than 1 year and not later than 5 years	346,583	515,833
Total	515,833	685,083
	2016 £	2015 £
Other		
Not later than 1 year	33,976	41,629
Later than 1 year and not later than 5 years	42,314	47,950
Total	76,290	89,579

25. Related party transactions

During the year, the company entered into transactions, in the ordinary course of business, with other related parties

As at 31 March 2016 the company was owed £1,632 (2015 - £Nil) from Horstman Defence Systems Limited, a company under common control

As at 31 March 2016 the company owed £100,000 (2015 - £Nil) to HWH Investments Limited, a company under common control

During the year the company recharged expenses totalling £71,280 (2015 - £59,400) to Wintergreen Management Limited (formerly Harris Watson Holdings Limited), a company under common control. In addition, the company was charged £435,794 (2015 - £190,000) in relation to management charges. As at 31 March 2016 the company owed £202,044 (2015 - £Nil) to Wintergreen Management Limited.

In accordance with FRS 102 section 33 1A the company has taken advantage of the exemption available not to disclose details of transactions entered into between its parent company, AB Precision Holdings Limited and with fellow subsidiaries where 100% of the voting rights are controlled within the group.

A.B. PRECISION (POOLE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

26. Controlling party

The company's ultimate parent undertaking and controlling party at 31 March 2016 and for which group financial statements are drawn up is AB Precision Holdings Limited, a company incorporated and registered in England and Wales

The company's ultimate controlling party is Mr J G Harris by virtue of his majority shareholding in the parent company

27 First time adoption of FRS 102

These financial statements for the year ended 31 March 2016 are the Company's first financial statements that comply with the FRS 102. The Company's date of transition to FRS 102 is 1 April 2014. The Company's last financial statements prepared in accordance with previous UK GAAP were for the year ended 31 March 2015.

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.



Companies House

COMPANY NAME: A.B. PRECISION (POOLE) LIMITED

COMPANY NUMBER: 00889363

Pages in the accounts containing unnecessary material was removed from the public register on 06/01/2017