
INVESTACAST LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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INVESTACAST LIMITED

COMPANY INFORMATION

Directors	C Thompson T Buckland H Gregson (appointed 31 March 2017) S Bone (appointed 31 March 2017) A Schofield (appointed 31 March 2017)
Company secretary	C Thompson
Registered number	01238636
Registered office	Mullacott Cross Industrial Estate Ilfracombe Devon EX34 8PL
Independent auditors	Moore Stephens LLP Chartered Accountants and Statutory Auditor 35 Calthorpe Road Edgbaston Birmingham B15 1TS

INVESTACAST LIMITED

CONTENTS

	Page
Strategic Report	1
Directors' Report	2 - 3
Directors' Responsibilities Statement	4
Independent Auditors' Report	5 - 7
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 - 28

INVESTACAST LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their strategic report for the year ended 31 December 2017.

Business review and financial key performance indicators

The company's key financial and other performance indicators during the period were as follows:

	2017	2016
Turnover increase/(decrease) (£)	1,386,136	(1,160,344)
Gross Profit margin %	31	27

2017 has been another successful year of growth for the business, with turnover showing an increase of 16% when compared with the previous year.

Gross margin has also been improved in comparison with the previous year which is a reflection of improved efficiencies in the company's manufacturing operations.

From a year end balance sheet perspective the company's net asset position has improved by 49% to £3,386,933 which includes £3,123,653 of distributable reserves (2016: £2,010,789). This reflects the profitability of the business in the year. Stock and WIP has increased by £247,705 compared with the previous year which is reflective of the increased activity of the business. Cash reserves remain positive at £125,788 (2016: £60,313). The directors consider the year end position of the business to be satisfactory.

Principal risks and uncertainties

The company's principal risk is the level of demand for its products from customers. The level of demand will be significantly influenced by the ability of the global economy to continue to expand out in the coming years.

This report was approved by the board on 22 June 2018 and signed on its behalf.



C Thompson
Director

INVESTACAST LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Principal activity

The principal activity of the company during the period was the manufacturing of castings by the lost wax investment method.

Results and dividends

The profit for the year, after taxation, amounted to £1,172,864 (2016: £745,513).

Dividends totalling £60,000 (2016: £1,320,970) were paid during the period. No final dividend is proposed.

Directors

The directors who served during the year were:

C Thompson
T Buckland
H Gregson (appointed 31 March 2017)
S Bone (appointed 31 March 2017)
A Schofield (appointed 31 March 2017)

Future developments

We aim to continue growth of turnover and profit while maintaining a good working relationship with our customers and suppliers.

Risk management objectives and policies

The directors are responsible for monitoring financial risk. Appropriate policies have been developed and implemented to identify, evaluate and manage the key risks.

Price risk

The group has limited exposure to commodity price risk. Any exposure is reviewed and managed on a contract-by-contract basis. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature. The group has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The company has continued its policy of appropriate credit checks on all new and potential customers before sales are made.

Liquidity risk

The company maintains facilities that are designed to ensure the company has sufficient funds for operations and planned expenses.

Interest rate and cash flow risk

The company has interest bearing liabilities and is therefore exposed to increases in interest rates.

Research and development activities

The company has continued to invest in research and development to ensure its profitability into the future. During the year expenditure on research and development totalled £275,000 (2016: £276,759).

INVESTACAST LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

Going concern

The directors have reviewed budgets and forecasts for a period of 12 months following the date of approval of the financial statements. Considering this and profits generated by the company as well as adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

Disclosure of information to auditors

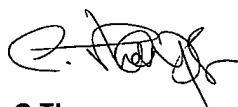
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company'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's auditors are aware of that information.

Auditors

Under section 487(2) of the Companies Act 2006, Moore Stephens LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 22 June 2018 and signed on its behalf.



C Thompson
Director

INVESTACAST LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

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 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK 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 of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 to 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.

INVESTACAST LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INVESTACAST LIMITED

Opinion

We have audited the financial statements of Investacast Limited for the year ended 31 December 2017, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, 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 31 December 2017 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

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.

INVESTACAST LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INVESTACAST LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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 and the Directors' Report.

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.

INVESTACAST LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INVESTACAST LIMITED (CONTINUED)

Responsibilities of directors

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

Auditors' 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 Auditors' 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. The description forms part of our Auditors' Report.

Use of our report

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Fenner (Senior Statutory Auditor)

for and on behalf of
Moore Stephens LLP

Chartered Accountants and Statutory Auditor

35 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

Date: 27 June 2018

INVESTACAST LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Turnover	4	9,902,086	8,515,950
Cost of sales		(6,805,757)	(6,258,368)
Gross profit		3,096,329	2,257,582
Distribution costs		(322,508)	(290,827)
Administrative expenses		(1,357,640)	(1,077,737)
Operating profit	5	1,416,181	889,018
Interest payable and expenses	8	(64,678)	(49,850)
Profit before tax		1,351,503	839,168
Tax on profit	9	(178,639)	(93,655)
Profit for the financial year		1,172,864	745,513

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2017 (2016: £Nil).

The notes on pages 12 to 28 form part of these financial statements.

INVESTACAST LIMITED
REGISTERED NUMBER: 01238636

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	11		1,135,627		1,127,771
Current assets					
Stocks	12	1,363,934		1,116,229	
Debtors: amounts falling due within one year	13	2,835,005		1,552,197	
Cash at bank and in hand	14	125,788		60,313	
		4,324,727		2,728,739	
Creditors: amounts falling due within one year	15	(1,548,164)		(1,306,304)	
Net current assets			2,776,563		1,422,435
Total assets less current liabilities			3,912,190		2,550,206
Creditors: amounts falling due after more than one year	16		(445,500)		(195,150)
Provisions for liabilities					
Deferred tax	20		(79,757)		(80,987)
Net assets			3,386,933		2,274,069
Capital and reserves					
Called up share capital	21		7,600		7,600
Capital redemption reserve	22		2,400		2,400
Revaluation reserve	22		253,280		253,280
Profit and loss account	22		3,123,653		2,010,789
			3,386,933		2,274,069

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 June 2018.


C Thompson
 Director

The notes on pages 12 to 28 form part of these financial statements.

INVESTACAST LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2016	7,600	2,400	253,280	2,586,246	2,849,526
Comprehensive income for the year					
Profit for the year	-	-	-	745,513	745,513
Total comprehensive income for the year	-	-	-	745,513	745,513
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(1,320,970)	(1,320,970)
Total transactions with owners	-	-	-	(1,320,970)	(1,320,970)
At 1 January 2017	7,600	2,400	253,280	2,010,789	2,274,069
Comprehensive income for the year					
Profit for the year	-	-	-	1,172,864	1,172,864
Total comprehensive income for the year	-	-	-	1,172,864	1,172,864
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(60,000)	(60,000)
Total transactions with owners	-	-	-	(60,000)	(60,000)
At 31 December 2017	7,600	2,400	253,280	3,123,653	3,386,933

INVESTACAST LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	1,172,864	745,513
Adjustments for:		
Depreciation of tangible assets	101,993	112,956
Loss on disposal of tangible assets	-	12,730
Interest paid	64,678	49,850
Taxation charge	178,639	93,655
(Increase)/decrease in stocks	(247,705)	428,622
(Increase)/decrease in debtors	(133,498)	54,206
(Increase) in amounts owed by group undertakings	(1,189,698)	-
Increase/(decrease) in creditors	265,112	(46,299)
Corporation tax (paid)/received	(93,000)	63,971
Net cash generated from operating activities	119,385	1,515,204
Cash flows from investing activities		
Purchase of tangible fixed assets	(109,849)	(49,782)
HP interest paid	(14,248)	(6,159)
Net cash from investing activities	(124,097)	(55,941)
Cash flows from financing activities		
New secured loans	339,227	-
Repayment of loans	-	(59,109)
Repayment of/new finance leases	(134,790)	(40,367)
Movements on invoice discounting	(33,481)	(970,788)
Dividends paid	(60,000)	(345,000)
Interest paid	(50,430)	(43,691)
Net movement in import loans	9,661	(129,784)
Net cash used in financing activities	70,187	(1,588,739)
Net increase/(decrease) in cash and cash equivalents	65,475	(129,476)
Cash and cash equivalents at beginning of year	60,313	189,789
Cash and cash equivalents at the end of year	125,788	60,313
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	125,788	60,313

INVESTACAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Investacast Limited is a private limited company, limited by shares, incorporated in England and Wales and domiciled in England.

The company registration number is 01238636 and the registered office is Mullacott Cross Industrial Estate, Ilfracombe, Devon, EX34 8PL.

The principal activity of the company during the period was the manufacturing of castings by the lost wax investment method.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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.

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

The functional and presentation currency for the company during the year was sterling and the accounts are rounded to the nearest £1.

The following principal accounting policies have been applied:

2.2 Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services net of value added tax, returns, rebates and discounts.

2.3 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.

INVESTACAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.3 Tangible fixed assets (continued)

Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line basis and reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line basis
Plant and machinery	- 10% straight line basis
Motor vehicles	- 25% reducing balance basis
Office equipment	- 15% straight line basis

Freehold land is not depreciated.

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 profit or loss.

2.4 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.

2.5 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.

2.6 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.

INVESTACAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.7 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 debtors and creditors, loans from banks 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 debtors and creditors, 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 profit or loss.

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.

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.

2.8 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.

2.9 Foreign currency translation

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.

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 profit or loss.

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

2.11 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

INVESTACAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.12 Leased assets

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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 payment obligations.

The contributions are recognised as an expense in profit or loss 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 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 profit or loss 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.

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, 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 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.

INVESTACAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.16 Research and development

Research and development costs are written off to the profit and loss account in the year in which it is incurred.

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

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

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

Operating lease and finance lease commitments

The group has entered into commercial property leases as a lessee property and as a lessee it obtains use of property, plant and equipment. The classification of such leases as an operating or finance lease requires the group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Obsolete stock provision

At each balance sheet date, stocks are reviewed for impairment. If stocks are impaired the carrying value is reduced. The provision is based upon the ageing of the individual stock lines at the year end.

Impairment of debtors

The company makes an estimate of the recoverable value of trade debtors. When assessing impairment of trade debtors, management consider them individually reviewing the ageing profit of the balance and the historical experience.

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the group performs impairment tests based on fair value less costs to sell, or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices.

INVESTACAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. Turnover

All of the turnover was attributable to the one principal activity of the company.

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	6,193,257	5,209,306
Rest of Europe	768,444	915,905
Rest of the World	2,940,385	2,390,739
	<u>9,902,086</u>	<u>8,515,950</u>

5. Operating profit

The operating profit is stated after charging/(crediting):

	2017 £	2016 £
Research & development charged as an expense	275,000	276,759
Depreciation of tangible fixed assets	101,993	112,956
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	14,400	14,000
Fees payable to the company's auditors and its associates for other services to the company:		
- Taxation compliance services	1,750	1,750
Exchange (gains)/losses	41,596	(41,439)
Operating lease costs	36,992	46,644
Defined contribution pension cost	46,004	69,194
	<u></u>	<u></u>

INVESTACAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	1,789,977	1,399,862
Social security costs	153,231	115,580
Cost of defined contribution scheme	46,004	69,194
	<u>1,989,212</u>	<u>1,584,636</u>

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

	2017 No.	2016 No.
Production	57	48
Administration and support	11	11
Sales	2	2
	<u>70</u>	<u>61</u>

7. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	277,797	30,343
Company contributions to defined contribution pension schemes	23,250	48,000
	<u>301,047</u>	<u>78,343</u>

During the year retirement benefits were accruing to 2 directors (2016: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £136,852 (2016: £17,109).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2016: £24,000).

INVESTACAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

8. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	18,195	5,519
Finance leases and hire purchase contracts	14,248	6,159
Interest on factored debts	32,235	38,172
	<u>64,678</u>	<u>49,850</u>

9. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	179,869	93,000
Adjustments in respect of previous periods	-	(423)
Total current tax	<u>179,869</u>	<u>92,577</u>
Deferred tax		
Origination and reversal of timing differences	<u>(1,230)</u>	<u>1,078</u>
Taxation on profit on ordinary activities	<u>178,639</u>	<u>93,655</u>

INVESTACAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016: *lower than*) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>1,351,503</u>	<u>839,168</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	260,164	167,834
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	905	8,279
Depreciation in excess of capital allowances	2,871	-
Adjustments to tax charge in respect of prior periods	-	(423)
Adjustment in research and development tax credit leading to a decrease in the tax charge	(71,500)	(71,957)
Effect of different UK tax rates	5,467	(1,142)
Group relief	(19,268)	-
Deferred tax credit from unrecognised temporary difference from a prior period	-	(9,197)
Rounding on tax provision	-	261
Total tax charge for the year	<u><u>178,639</u></u>	<u><u>93,655</u></u>

Factors that may affect future tax charges

The UK corporation tax rate will reduce to 17% by 2020.

10. Dividends

	2017 £	2016 £
Equity dividends paid	<u><u>60,000</u></u>	<u><u>1,320,970</u></u>

INVESTACAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost or valuation					
At 1 January 2017	679,400	2,081,349	23,159	177,210	2,961,118
Additions	3,603	103,222	-	3,024	109,849
At 31 December 2017	<u>683,003</u>	<u>2,184,571</u>	<u>23,159</u>	<u>180,234</u>	<u>3,070,967</u>
Depreciation					
At 1 January 2017	47,679	1,623,239	17,157	145,272	1,833,347
Charge for the year	14,913	76,375	1,500	9,205	101,993
At 31 December 2017	<u>62,592</u>	<u>1,699,614</u>	<u>18,657</u>	<u>154,477</u>	<u>1,935,340</u>
Net book value					
At 31 December 2017	<u>620,411</u>	<u>484,957</u>	<u>4,502</u>	<u>25,757</u>	<u>1,135,627</u>
At 31 December 2016	<u>631,721</u>	<u>458,110</u>	<u>6,002</u>	<u>31,938</u>	<u>1,127,771</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, was £Nil (2016: £172,803).

12. Stocks

	2017 £	2016 £
Raw materials and consumables	225,688	122,114
Work in progress	901,932	668,899
Finished goods and goods for resale	236,314	325,216
	<u>1,363,934</u>	<u>1,116,229</u>

Stock recognised in cost of sales during the year as an expense was £4,243,320 (2016: £3,907,724).

The amount of impairment loss included in the statement of comprehensive income is £Nil (2016: £227,101).

INVESTACAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Debtors

	2017 £	2016 £
Trade debtors	1,415,867	1,520,906
Amounts owed by group undertakings	1,189,698	-
Other debtors	202,501	9,101
Prepayments	26,939	22,190
	<u>2,835,005</u>	<u>1,552,197</u>

14. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	<u>125,788</u>	<u>60,313</u>

15. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank loans (note 17)	54,000	60,652
Other loans	424,958	415,297
Invoice discounting	-	73,869
Trade creditors	627,247	485,909
Corporation tax	179,869	93,000
Other taxation and social security	86,941	67,463
Obligations under finance lease and hire purchase contracts	-	39,261
Other creditors	18,190	15,121
Accruals and deferred income	156,959	55,732
	<u>1,548,164</u>	<u>1,306,304</u>

Secured loans

Details of security relating to bank and other loans is disclosed in note 17.

Invoice discounting creditors are secured against the trade debtors to which they relate.

Net obligations due under finance leases and hire purchase contracts are secured over the assets which the contracts relate.

INVESTACAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

16. Creditors: Amounts falling due after more than one year

	2017	2016
	£	£
Bank loans (note 17)	445,500	99,621
Net obligations under finance leases and hire purchase contracts	-	95,529
	445,500	195,150

Secured loans

Details of security relating to bank loans is disclosed in note 17.

Net obligations due under finance leases and hire purchase contracts are secured over the assets which the contracts relate.

INVESTACAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year		
Bank loans	54,000	60,652
Import loans	424,958	415,297
	<u>478,958</u>	<u>475,949</u>
Amounts falling due 1-2 years		
Bank loans	54,000	62,340
Amounts falling due 2-5 years		
Bank loans	162,000	37,281
Amounts falling due after more than 5 years		
Bank loans	229,500	-
	<u>924,458</u>	<u>575,570</u>

Bank loans relate to a commercial mortgage denominated in UK Sterling with a fixed interest rate of 4.63%, with the final instalment due in March 2027. The carrying amount at the end of the period is £499,500 (2016: £Nil).

Bank loans in 2016 relate to a commercial loan denominated in UK Sterling with a nominal interest rate of 2.25% above bank base rate, with the final instalment due on 27 July 2019. The carrying amount at the end of the period is £Nil (2016: £160,273).

Bank loans are secured by the bank, HSBC by a fixed and floating charge over all assets and undertakings of the company, its parent company and other group companies, including all present and future freehold and leasehold property, book and other debts. There is also a multilateral guarantee dated 31 October 2017 across all group companies. Further details can be seen at note 23.

Import loans are denominated in GBP with a nominal interest rate of 3% above bank base rate. The final instalment is due in March 2018.

INVESTACAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within one year	-	39,261
Between 1-2 years	-	35,349
Between 2-5 years	-	60,180
	<u>-</u>	<u>134,790</u>

The finance lease and hire purchase lease liabilities are secured over the assets under the finance lease and hire purchase agreements.

19. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets measured at fair value through profit or loss	125,788	60,313
Financial assets that are debt instruments measured at amortised cost	2,848,454	1,530,007
	<u>2,974,242</u>	<u>1,590,320</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(1,813,795)</u>	<u>(1,408,454)</u>

Financial assets measured at fair value through profit or loss comprise cash and bank balances.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise bank loans, other loans, invoice discounting, trade and other creditors, taxation and social security, obligations under finance lease and hire purchase contracts, amounts owed to group undertakings and accruals.

INVESTACAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

20. Deferred taxation

	2017 £	2016 £
At beginning of the period	(80,987)	(79,909)
Charged to profit or loss	1,230	(1,078)
At end of the period	<u>(79,757)</u>	<u>(80,987)</u>

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(80,833)	(81,764)
Other short term timing differences	1,076	777
	<u>(79,757)</u>	<u>(80,987)</u>

21. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
5,200 Ordinary A shares of £1 each	5,200	5,200
2,400 Ordinary B shares of £1 each	2,400	2,400
	<u>7,600</u>	<u>7,600</u>

Both Ordinary A shares and Ordinary B shares have full voting rights and rights to dividends at the discretion of the directors.

INVESTACAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

22. Reserves

Revaluation reserve

The revaluation reserve has arisen due to the company uplifting the value of the land and buildings to deemed cost.

Capital redemption reserve

The capital redemption reserve occurred as a result of the company repurchasing 2,400 £1 Ordinary B shares from a shareholder in the year ended 30 September 2001.

Profit and loss account

This reserve includes all current and prior period retained profits and losses, less any distributions to owners.

23. Contingent liabilities

The total amount of guarantees not included in the balance sheet is £4,179,365 (2016: £Nil). The company has provided a multilateral guarantee in favour of HSBC Bank plc and HSBC Bank Invoice Finance (UK) Limited covering the liabilities of Expromet Technologies Group Limited, Investacast Ilfracombe Limited, Haworth Romsey Limited, Haworth Castings Limited, Haworth Machining Limited and Chiltern Casting Company Limited.

24. Pension commitments

Defined contribution pension scheme

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £46,004 (2016: £69,194). Contributions totalling £5,976 (2016: £4,318) were payable to the fund at the balance sheet date and were included within creditors.

25. Commitments under operating leases

At 31 December 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	41,043	35,006
Later than 1 year and not later than 5 years	68,050	67,314
Later than 5 years	4,500	-
	<u>113,593</u>	<u>102,320</u>

INVESTACAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

26. Related party transactions

During the year the company made sales of £1,204 (2016: £1,517) Exmoor Casting Supplies Limited. Exmoor Castings Suppliers Limited is a related party by virtue of a common directorship of T Buckland. During the year purchases of £7,261 (2016: £8,839) were made from the company. At the balance sheet date amounts of £Nil (2016: £712) are included within debtors.

The directors are considered to be the key management personnel of the company. Details of their remuneration is disclosed in note 7.

The company has taken advantage of the exemption available in FRS 102 Section 33.1A from disclosing transactions with other wholly owned subsidiaries of Expromet Technologies Group Limited.

27. Controlling party

The company's immediate parent company is Investacast Ilfracombe Limited, a company incorporated in England and Wales.

On 31 March 2017 the entire issued share capital of the Investacast Ilfracombe Limited was purchased by Expromet Technologies Group Limited. The company's ultimate parent company is Expromet Technologies Group Limited, who prepare publicly available consolidated financial statements for the smallest group the company is a member. The registered office of Expromet Technologies Group Limited is Mullacott Cross Trading Estate, Ilfracombe, Devon, EX34 8PL.

There is no ultimate controlling party.