

Peterson Spring Europe Limited

**Annual report and financial
statements**

Registered number 1363153

For the year ended 31 December 2017

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Strategic report

The company continues to benefit from the current strength of the global automotive industry. An increase in turnover was seen and this trend is expected to continue. Some temporary operational issues coupled with an increased cost base affected the profitability of the company during the year and these are being addressed. A key challenge for the upcoming year comes in the form of the UK's decision to leave the European Union and the potential ramifications and actions required will be kept under close scrutiny.

The directors are pleased to report that the company continues to be awarded new business and is expected to improve its performance during 2018.

Key performance indicators

The key performance indicators for the Company remain as turnover and gross profit. Turnover amounted to £7,839,154 (2016: £7,703,929). Gross profit amounting to £1,832,759 (2016: £1,961,470) has reduced by £128,711 from the prior year.

Risks and uncertainties

The main risks to the Company are the industry sector in which it trades and the exposure to foreign exchange fluctuations. The Company has maintained its position with its customers, under the current trading conditions and limited the currency exposure when possible.

Overall, the directors consider the Company to be in a strong position and well placed to continue its growth in 2018.

By order of the board



RG Bray
Director

6th September 2018.

Directors' report

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

Principal activities and business review

The principal activity of the Company during the year was the manufacture and sale of springs and metal pressings. A review of the business is included in the Strategic report on page 1 which is incorporated into this report by reference.

Results and dividends

The profit before tax for the year amounted to £320,200 (2016: profit £500,132). The directors do not recommend the payment of any dividends on preference or ordinary shares (2016: £Nil).

Directors

The directors who held office during the year were as follows:

RG Bray
DE Seeli
EC Peterson

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



RG Bray
Director

Heath House
Hewell Road
Enfield
Redditch
B97 6AY

6th September 2018

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including *FRS 102 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 and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent auditor's report to the members of Peterson Spring Europe Limited

Opinion

We have audited the financial statements of Peterson Spring Europe Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and loss account, Balance sheet, Statement of changes in equity, Cash flow statement and related notes, including the accounting policies in note 1.

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 UK accounting standards, including FRS 102 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undiscovered material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and Directors' report

The directors are responsible for the Strategic report and Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report or the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Peterson Spring Europe 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Stuart Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

7 September 2018

Profit and loss account
for the year ended 31 December 2017

	<i>Note</i>	2017 £	2016 £
Turnover	2	7,839,154	7,703,929
Cost of sales		(6,006,395)	(5,742,459)
Gross profit		1,832,759	1,961,470
Distribution costs		(369,222)	(339,585)
Administrative expenses		(1,114,434)	(1,082,159)
Operating profit		349,103	539,726
Interest payable and similar charges	6	(28,903)	(39,594)
Profit on ordinary activities before taxation	3	320,200	500,132
Taxation	7	(71,394)	(93,131)
Profit for the financial year		248,806	407,001

There were no recognised gains or losses in either the current or preceding year other than the result disclosed in the profit and loss account.

All of the company's operations are classified as continuing.

The notes on pages 10 to 22 form part of these financial statements.

Balance sheet
at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	8	2,631,286	2,399,148
Investments	9	74,250	74,250
		<u>2,705,536</u>	<u>2,473,398</u>
Current assets			
Stocks	10	1,004,938	1,176,325
Debtors	11	1,966,579	1,852,491
Cash at bank and in hand		4,324	363,459
		<u>2,975,841</u>	<u>3,392,275</u>
Creditors: Amounts falling due within one year	12	<u>(1,463,549)</u>	<u>(1,772,201)</u>
Net current assets		<u>1,512,292</u>	<u>1,620,074</u>
Total assets less current liabilities		<u>4,217,828</u>	<u>4,093,472</u>
Creditors: Amounts falling due after more than one year	13	(607,912)	(803,756)
Provisions for liabilities			
Deferred tax liability	14	(111,999)	(40,605)
Net assets		<u>3,497,917</u>	<u>3,249,111</u>
Capital and reserves			
Called up share capital	15	4,022,250	4,022,250
Capital redemption reserve		35,376	35,376
Profit and loss account		(559,709)	(808,515)
Shareholders' funds		<u>3,497,917</u>	<u>3,249,111</u>

The notes on pages 10 to 22 form part of these financial statements.

These financial statements were approved by the board of directors on 6 September 2018 and were signed on its behalf by:



RG Bray
Director

Company number: 1363153

Statement of Changes in Equity

	Called up share capital £	Preference shares £	Capital redemption reserve £	Profit and loss account £	Total equity £
Balance at 1 January 2016	1,329,331	2,692,919	35,376	(1,215,516)	2,842,110
Total comprehensive income for the period					
Profit or loss	-	-	-	407,001	407,001
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	407,001	407,001
Balance at 31 December 2016	1,329,331	2,692,919	35,376	(808,515)	3,249,111
Balance at 1 January 2017	1,329,331	2,692,919	35,376	(808,515)	3,249,111
Total comprehensive income for the period					
Profit or loss	-	-	-	248,806	248,806
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	248,806	248,806
Balance at 31 December 2017	1,329,331	2,692,919	35,376	(559,709)	3,497,917

Cash flow statement

for the year ended 31 December 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the year		320,200	407,001
Adjustments for:			
Depreciation, amortisation and impairment		248,801	220,401
Interest payable and similar expenses		28,903	39,594
(Profit)/Loss on sale of tangible fixed assets		(4,000)	26
Taxation		71,394	93,131
		<u>665,298</u>	<u>760,153</u>
(Increase) in trade and other debtors		(114,088)	(90,057)
Decrease in stocks		171,387	146,637
(Decrease)/Increase in trade and other creditors		(447,288)	52,601
		<u>275,309</u>	<u>869,334</u>
Interest paid		(28,903)	(39,594)
Tax paid			
Net cash from operating activities		<u>246,406</u>	<u>829,740</u>
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		4,000	6,000
Acquisition of tangible fixed assets	8	(480,939)	(394,768)
Net cash used in investing activities		<u>(476,939)</u>	<u>(388,768)</u>
Cash flows from financing activities			
Proceeds from new loan			(102,526)
Payment of finance lease liabilities			
Payment of bank loan		(282,801)	
Net cash used in financing activities		<u>(282,801)</u>	<u>(102,526)</u>
Net increase in cash and cash equivalents		(513,334)	338,446
Cash and cash equivalents at 1 January		351,862	13,416
Cash and cash equivalents at 31 December	17	<u>(161,472)</u>	<u>351,862</u>

Notes

(forming part of the financial statements)

1 Accounting policies

Peterson Spring Europe Limited (the "Company") is a private company incorporated, domiciled and registered in the UK. The registered number is 1363153 and the registered address is Heath House, Hewell Road, Enfield, Redditch B97 6AY.

The Company is exempt by virtue of the small companies' regime of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2016. The amendments to FRS 102 issued in July 2017 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions were taken:

- Lease arrangements – in order to determine whether an arrangement contains a lease, the Company has analysed facts and circumstances existing at transition date rather than commencement date of the arrangement.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Company did not retrospectively change its accounting under old UK GAAP for derecognition of financial assets and liabilities before the date of transition.

1.1 Measurement convention

The financial statements are prepared on the historical cost convention and in accordance with applicable accounting standards. They are presented in £, being the functional currency of the Company.

1.2 Going concern

The Directors consider the Company to be a going concern due to its net current assets, cash at bank, and parent company support.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit and loss.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management and included for the purpose of the cash flow statement.

Notes (continued)

1 Accounting policies (continued)

1.6 Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment.

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Freehold property - 50 years
- Plant and machinery - 5-10 years
- Fixtures and fittings - 3-10 years
- Motor vehicles - 3-5 years
- Leasehold property - over period of lease

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Notes (continued)

1 Accounting policies (continued)

1.11 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.12 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.13 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Notes (continued)

1 Accounting policies (continued)

1.14 Turnover

Turnover comprises the invoiced value of sales exclusive of value added tax and discounts, all of which relates to the one principal activity of the company, the manufacture and sale of springs and metal pressings.

1.15 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, certain foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and certain foreign exchange gains (see foreign currency accounting policy).

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.16 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

2 Turnover

The analysis of turnover by geographical market is given below:

	2017 £	2016 £
United Kingdom	1,995,046	1,792,224
Europe	3,275,778	3,450,349
USA	548,616	640,631
Rest of world	2,019,714	1,820,725
	<u>7,839,154</u>	<u>7,703,929</u>

3 Notes to the profit and loss account

	2017 £	2016 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation and other amounts written off tangible fixed assets:		
Owned	185,730	152,921
Leased	63,071	67,480
Hire of other assets – operating leases	86,597	80,000
Hire of plant and machinery – rentals payable under operating leases	18,639	15,693
(Profit)/Loss on foreign currency translation	(2,570)	12,723
(Profit)/Loss on disposal of fixed assets	(4,000)	26
<i>Auditor's remuneration</i>		
Audit of these financial statements	25,000	25,000
Taxation services	4,950	4,000

4 Remuneration of directors

	2017 £	2016 £
Directors' emoluments	83,752	73,622
Company contributions to money purchase pension schemes	3,313	3,038
	<u>87,065</u>	<u>76,660</u>

Two directors waived their rights to remuneration (2016: two).

Retirement benefits are accruing to the following number of directors:

	Number of directors	
Money purchase schemes	1	1

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2017	2016
Production staff	61	64
Administrative staff	12	11
Agency production staff	13	10
	<u>86</u>	<u>85</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	1,826,378	1,793,070
Social security costs	163,484	152,819
Other pension costs	46,041	44,574
Agency staff	235,782	169,036
	<u>2,271,685</u>	<u>2,159,499</u>

6 Interest payable and similar charges

	2017 £	2016 £
On bank loans and overdrafts	16,902	26,205
On hire purchase contracts	12,001	13,389
	<u>28,903</u>	<u>39,594</u>

7 Taxation

(i) Analysis of charge in year

	2017 £	2016 £
UK corporation tax		
Current tax on income for the year	-	-
Deferred tax (see note 14)	-	93,131
Origination and reversal of timing differences	71,394	-
	<u>71,394</u>	<u>93,131</u>
Tax on profit on ordinary activities		
	<u>71,394</u>	<u>93,131</u>

Notes (continued)

7 Taxation (continued)

(ii) Factors affecting the tax charge for the current year

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

	2017 £	2016 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	320,200	500,132
Current tax at 19.25% (2016: 20%)	61,639	100,026
<i>Effects of:</i>		
Expenses not deductible for tax purposes	182	848
Capital allowances (in excess)/less than of depreciation	9,272	(16,240)
Tax losses	11,143	12,888
Change in tax rate	(2,266)	(4,391)
Adjustments and transfers – net	(8,576)	-
Total tax charge (see above)	71,394	93,131

(iii) Factors that may affect future current and total tax charges

The company has unutilised tax losses of £276,568 (2016: £642,477) offset against accelerated capital allowances of £866,036 (2016: £965,661).

The resulting net deferred tax liability was £111,999 (2016: liability £40,605) (see note 14).

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2017 has been calculated based on these rates.

Notes (continued)

8 Tangible fixed assets

	Leasehold property	Freehold land and buildings	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At beginning of year	15,310	1,232,223	5,038,981	183,741	23,164	6,493,419
Additions	6,572	15,051	443,296	16,020	-	480,939
Disposals	-	-	(158,992)	-	-	(158,992)
At end of year	21,882	1,247,274	5,323,285	199,761	23,164	6,815,366
Depreciation						
At beginning of year	15,310	230,995	3,675,015	171,793	1,158	4,094,271
Charge for the year	411	9,470	228,846	5,441	4,633	248,801
Disposals	-	-	(158,992)	-	-	(158,992)
At end of year	15,721	240,465	3,744,869	177,234	5,791	4,184,080
Net book value						
At 31 December 2017	6,161	1,006,809	1,578,416	22,527	17,373	2,631,286
At 31 December 2016	-	1,001,228	1,363,966	11,948	22,006	2,399,148

The amount included above in respect of land which is not depreciated is £746,962 (2016: £746,962).

Included in the total net book value of plant and machinery and motor vehicles is £462,753 (2016: £435,173) in respect of assets held under finance leases. Depreciation for the year on these assets was £63,071 (2016: £67,480).

9 Investments

	Shares in group undertakings
	£
Cost	
At beginning and end of year	74,250

The Company holds 100% of the ordinary share capital of Peterson Spring UK Limited, a non-trading company registered in England and Wales. The registered address is Heath House, Hewell Road, Enfield, Redditch B97,6BA.

The subsidiary undertaking has no assets other than amounts of £74,250 due from the Company.

Notes (continued)

10 Stocks

	2017 £	2016 £
Raw materials and consumables	182,241	248,243
Work in progress	352,394	341,080
Finished goods and goods for resale	470,303	587,002
	<u>1,004,938</u>	<u>1,176,325</u>

11 Debtors

	2017 £	2016 £
Trade debtors	1,776,383	1,698,659
Other debtors	99,138	84,066
Prepayments and accrued income	91,058	69,766
	<u>1,966,579</u>	<u>1,852,491</u>

12 Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank overdraft (secured)	165,796	11,597
Bank loan (secured)	21,591	31,875
Trade creditors	853,271	1,176,999
Obligations under finance leases and hire purchase contracts (secured) (see note 13)	95,827	87,752
Amounts owed to group undertakings	227,872	328,531
Social security	45,292	44,941
Other creditors	17,483	53,371
Accruals and deferred income	36,417	37,145
	<u>1,463,549</u>	<u>1,772,201</u>

The bank overdraft facility is repayable on demand and is secured by a first legal charge on the property Heath House, Hewell Road, Enfield, Redditch B97,6BA.

Amount owed to group undertakings are interest-free and repayable on demand.

Notes (continued)

13 Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Trade creditors		
Obligations under finance leases and hire purchase contracts (due in 2-5 years) (secured)	147,304	70,631
Bank loan (secured)	460,608	733,125
	<u>607,912</u>	<u>803,756</u>

The bank loan is secured by a legal charge over land at Windsor Road, Redditch.

Assets held under finance leases are secured on the assets to which they relate.

The maturity of obligations under finance leases and hire purchase contracts was as follows:

	2017 £	2016 £
Within one year	95,827	87,752
Within two to five years	147,304	70,631
	<u>243,131</u>	<u>158,383</u>

14 Deferred tax assets and liabilities

	Deferred taxation £
At beginning of year - liability	(40,605)
Charge for the year	(71,934)
At end of year - liability	<u>(111,999)</u>

There are no unrecognised deferred tax amounts.

The asset/(liability) recognised for deferred taxation is set out below:

	2017 Provided £	2016 Provided £
Accelerated capital allowances	(164,547)	(173,819)
Tax losses	52,548	133,214
Deferred tax (liability)/asset	<u>(111,999)</u>	<u>(40,605)</u>

Notes (continued)

15 Share capital

	2017 £	2016 £
<i>Allotted, called up and fully paid:</i>		
1,329,331 ordinary shares of £1 each	1,329,331	1,329,331
2,692,919 preference shares of £1 each	2,692,919	2,692,919
	<hr/>	<hr/>
	4,022,250	4,022,250

The non-interest bearing redeemable preference shares have the same rights and privileges as the ordinary shares and rank *pari passu* in all respects except:

- they are only redeemable at the discretion of the Company;
- in the event of a winding up, they will be repaid in preference to ordinary shares.

16 Commitments

(a) Operating leases

At the year end, non-cancellable operating leases rentals are payable as follows:

	2017 Land and buildings £	Other £	2016 Land and buildings £	Other £
Operating leases which expire:				
Within one year	97,745	8,327	49,731	-
In the second to fifth years inclusive	256,279	13,812	-	8,403

(b) Guarantees

The company has made a guarantee to HM Revenue & Customs in relation to deferment of VAT of £20,000 (2016: £20,000).

17 Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	4,324	363,459
Bank overdrafts	(165,796)	(11,597)
	<hr/>	<hr/>
Cash and cash equivalents per cash flow statement	(161,472)	351,862

18 Capital commitments

At 31 December 2017, the Company had capital commitments totalling £220,800 (2016: £322,707) relating to the purchase during 2018 of a spring coiling machine.

19 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £46,041 (2016: £44,574).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Notes (continued)

20 Related parties

The company has taken advantage of the exemption included in FRS 102 for wholly owned subsidiaries not to disclose transactions with entities that are part of the group qualifying as related parties. There are no other related party transactions.

21 Parent companies

The parent of the Company is Peterson American Corporation Inc. incorporated in the United States of America. The group financial statements are available from:

Peterson American Corporation Inc
21200 Telegraph Road
P O Box 5059
Southfield
MI 48086-5059
USA

The ultimate parent company is the Garden Street Group Inc incorporated in the United States of America which does not prepare consolidated financial statements.