

Lymington Precision Engineers Co. Limited

Annual report and financial statements

Registered number 01543828

9 month period ended 31 December 2016

TUESDAY



L6440SG9

LD7

11/04/2017

#26

COMPANIES HOUSE

Contents

Company information	1
Strategic report	2
Directors' report	4
Statement of directors' responsibilities in respect of the Strategic Report, the Directors Report and the financial statements	6
Independent auditor's report to the members of Lymington Precision Engineers Co. Limited.	7
Profit and Loss Account and Other Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes	12

Company Information

The board of directors

Mr D Harding
Mr M J Barnes (Appointed 20 April 2016)
Mr A J Bodenham (Appointed 20 April 2016)

Registered office

Gosport Street
Lymington
Hampshire
SO41 9EE

Auditor

KPMG LLP
Gateway House
Tollgate
Chandlers Ford
SO53 3TG
United Kingdom

Bankers

Lloyds Bank PLC
Ground Floor
10 Gresham Street
London
EC2V 7AE

Strategic report

The directors present their strategic report and financial statements for the 9 month period ended 31 December 2016.

The Company changed its accounting reference date to 31 December, in order to align with that of its ultimate parent, Senior Plc.

Principal Activities and Review of the Business

The principal activity of the company was that of precision engineering.

The companies' activities encompass nuclear, electronics, oil & gas and aerospace clients and its' ability to produce highly engineered solutions, combined with excellent customer relations, gives an opportunity to expand operations into other high technology sectors.

The Board has considered the challenges facing the business during the year and performance with regard to key performance indicators, as set out in the table below:-

	<u>9 month period ended 31 December 2016</u> £000's	<u>Year ended 31 March 2016</u> £000's	<u>% Change</u>	<u>12 month comparison *</u>
Turnover	13,062	21,144	(38%)	(18%)
Gross margin	3,506	5,969	(41%)	(22%)
Gross profit margin (%)	26.8%	28.2%		
(Loss)/ profit on ordinary activities before tax	(657)	(364)	(80%)	(141%)

* 12 month comparison compares the 12 months ending 31 Dec 2016 to the 12 months ending 31 Dec 2015

The company maintained its' continual investment in people and equipment. The company's investment in the Enterprise Resource Management (ERP) system, has enabled the company to better understand costs, increase customer service levels and maintain a good control environment. These systems continued to be developed through the year and it is anticipated that we will upgrade them in 2018.

The company monitors its trade debtors and creditors on a monthly basis. The company also reports its cash position on a weekly cycle and projects the cash requirement forward for three months. The company has an ongoing programme of visiting its suppliers and sourcing new suppliers to ensure that it is not reliant on a single source of supply.

The directors have a reasonable expectation that the company has the support of its' ultimate parent company and so has adequate resources to continue in operation for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Results and dividend

The loss for the year, after taxation, amounted to £482,000 (2015/16: loss of £609,000). There were no dividends declared and paid in year (2015/16: £2,613,000).

Strategic report *(continued)*

Financial instruments

The company holds financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

Credit Risk

The company monitors credit risk closely and considers that its current policy of credit checks meets its objectives of managing exposure to credit risk.

The company has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Pricing policies are reviewed regularly and where appropriate, sales are covered with inflation clauses, to protect the company, in the event that raw material price increases. The Directors have extensively reviewed liquidity and cash flow risks and conclude that adequate safeguards are in place, in the normal run of business.

By order of the board



M Barnes
Director

Date: *6 April 2017*

Directors' report

The directors present their directors' report and financial statements for the 9 month period ended 31 December 2016.

Directors

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

Mr D Harding
Mr M J Barnes (Appointed 20 April 2016)
Mr A J Bodenham (Appointed 20 April 2016)

Political and charitable contributions

During the period the company made the following contributions:

	31 December 2016 £	31 March 2016 £
Education	400	300
Health	50	150
Local community and other	100	3,235
	<hr/>	<hr/>
	550	3,685
	<hr/>	<hr/>

Research and development activities

The group is committed to research and development activities in order to secure its position in the market, however the difficult market conditions have restricted these activities.

Policy on payment of creditors

The group's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Employees

The Company recognises the benefits of keeping employees informed of the progress of the business. During the year the employees were regularly provided with information regarding the financial and economic factors affecting the performance of the Company and on other matters of concern to them as employees, through half-yearly meetings that all employees attended. These meetings allow communication of the views of employees to be taken into account in making decisions which are likely to affect their interests.

The Company's policy with regard to the employment of disabled persons is that equal consideration is given to all applications from both able and disabled persons, subject only to the overriding consideration of safety. The special needs of disabled employees for training and advancement are kept under review.

Directors' report *(continued)*

Post balance sheet events

There were no post balance sheet events

Auditor

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

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.



M Barnes
Director

Date: *6 April 2017*

Gosport Street
Lymington
Hampshire
SO41 9EE
Date

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, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LYMINGTON PRECISION ENGINEERS CO. LIMITED

We have audited the financial statements of Lymington Precision Engineers Co. Limited for the 9 month period ended 31 December 2016 set out on pages 9 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LYMINGTON PRECISION ENGINEERS
CO. 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.

W. Smith

**William Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP (Statutory Auditor)**

Chartered Accountants.
Gateway House
Tollgate
Chandlers Ford
SO53 3TG

Date: *10th April 2017*

Profit and Loss Account and Other Comprehensive Income

For the period ended 31 December 2016

	Note	9 month period ended 31 December 2016	Year ended 31 March 2016
		£'000	£'000
Turnover	2	13,062	21,144
Cost of sales		(9,556)	(15,175)
Gross profit		3,506	5,969
Administrative expenses [including redundancy cost of £66k (31 Mar 2016: £362k)]		(4,126)	(6,287)
Operating loss	3	(620)	(318)
Other interest receivable and similar income	6	-	13
Interest payable and similar charges	7	(37)	(59)
Loss on ordinary activities before taxation		(657)	(364)
Tax on loss on ordinary activities	8	175	(245)
Loss for the financial year		(482)	(609)

The results of the current period all relate to continuing activities.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes from pages 12 to 22 form a part of these financial statements.

Balance Sheet
At 31 December 2016

	Note	31 December 2016		31 March 2016	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	9		4,321		4,963
Current assets					
Stocks	10	2,242		2,473	
Debtors	11	3,425		3,212	
Cash at bank and in hand		-		-	
		<u>5,667</u>		<u>5,685</u>	
Creditors: amounts falling due within one year	12	<u>(4,439)</u>		<u>(4,255)</u>	
Net current assets			<u>1,228</u>		<u>1,430</u>
Total assets less current liabilities			<u>5,549</u>		<u>6,393</u>
Creditors: amounts falling due after more than one year	13		(806)		(1,028)
Provisions for liabilities	14		-		(140)
Net assets			<u><u>4,743</u></u>		<u><u>5,225</u></u>
Capital and reserves					
Called up share capital	15		-		-
Profit and loss account			<u>4,743</u>		<u>5,225</u>
Shareholders' funds			<u><u>4,743</u></u>		<u><u>5,225</u></u>

These financial statements were approved by the board of directors on 6 April 17 and were signed on its behalf by:


M Barnes
Director

Company registered number: 01543828

The notes from pages 12 to 22 form a part of these financial statements.

Statement of changes in equity
For the period ended 31 December 2016

	Called up share capital	Profit & Loss account	Total equity
	£'000	£'000	£'000
Balance at 01 April 2015	-	8,447	8,447
Loss for the financial year	-	(609)	(609)
Dividends paid	-	(2,613)	(2,613)
Balance at 31 March 2016	-	5,225	5,225
Loss for the financial period	-	(482)	(482)
Balance at 31 December 2016	-	4,743	4,743

Notes

(forming part of the financial statements)

1 Accounting policies

Lymington Precision Engineers Co. Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Senior Plc includes the Company in its consolidated financial statements. The consolidated financial statements of Senior Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address given in note 18.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Senior Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 19.

Notes (continued)

1 Accounting policies (continued)

1.1 Going concern

The directors have received confirmation of continued financial support for the foreseeable future, and of access to the cash pooling arrangements, for at least 12 months from the date of signing these accounts, from the ultimate parent undertaking. Accordingly, the company continues to trade as a Going Concern.

1.2 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies 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.

1.3 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.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated 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, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Notes (continued)

1 Accounting policies (continued)

1.3 Tangible fixed assets (continued)

Depreciation is charged to the profit and loss account on over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Leasehold improvements	Straight line over 10 years or over the remaining life of the lease, whichever is shorter
Plant and machinery	Straight line over 2-20 years, depending on asset
Fixtures, fittings and equipment	Straight line over 2 years for computer equipment or 5 years for office equipment
Motor vehicles	Straight line over 3 years

1.4 Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

1.5 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average 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.

Provision for stock is made when it is expected that the net realisable value is below the carrying value.

1.6 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. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes (continued)

1 Accounting policies (continued)

1.6 Impairment excluding stocks, and deferred tax assets (continued)

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").

1.7 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 determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.8 Turnover

The turnover shown in the profit and loss account represents goods and services sold in the year, exclusive of Value Added Tax. Turnover is recognised where goods have been dispatched from the company's premises.

1.9 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 temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.10 Share based payment transactions

Where the Company's parent grants rights to its equity instruments to the Group's or the Company's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the Group or the Company as the case may be account for these share-based payments as equity-settled.

The sharesave scheme allows employees to acquire shares in Senior plc, the company's ultimate parent company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity in the ultimate parent company's accounts. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. A charge of £27,000 (Year ended 31 March 2016: £20,000) from Senior Plc is recognised in the P&L account within this Company.

Notes (continued)

2 Turnover

	9 months ended 31 December 2016 £'000	Year ended 31 March 2016 £'000
United Kingdom	12,280	18,590
Rest of World	782	2,554
Total turnover	<u>13,062</u>	<u>21,144</u>

All turnover originates in the United Kingdom

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	9 months ended 31 December 2016 £'000	Year ended 31 March 2016 £000
Depreciation and other amounts written off tangible fixed assets		
Owned	423	641
Leased	286	271
(Profit) / Loss on disposal of fixed assets	-	(2)
Operating leases/ rental:		
Property	417	634
Other	100	113
Research and development expensed as incurred	395	466
Foreign Exchange Loss	10	18
	<u> </u>	<u> </u>

Auditor's remuneration:

	9 months ended 31 December 2016 £000	Year ended 31 March 2016 £000
Audit of these financial statements	25	25
Amounts receivable by the company's auditor and its associates in respect of:		
Other services related to tax	-	8
Other services	-	3
	<u> </u>	<u> </u>

Notes (continued)

4 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	
	9 months ended 31 December 2016	Year ended 31 March 2016
Productive Staff	108	83
Administrative staff	59	90
	<hr/>	<hr/>
	167	173
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	9 months ended 31 December 2016 £000	Year ended 31 March 2016 £000
Wages and salaries	4,683	6,589
Social security costs	470	677
Other pension costs	233	354
	<hr/>	<hr/>
	5,386	7,620
	<hr/>	<hr/>

5 Directors' remuneration

	9 months ended 31 December 2016 £000	Year ended 31 March 2016 £000
Directors' remuneration	116	200
Company contributions to money purchase pension plans	10	14
	<hr/>	<hr/>
	126	214
	<hr/>	<hr/>

The aggregate of emoluments in the period of the highest paid director was £126,000 (2015/16: £200,000), and Company pension contributions of £10,000 (2015/16: £14,000) were made to a money purchase scheme on his behalf.

Director's, D Harding and A. J Bodenham, was not remunerated by the Company for their services. They are paid by another entity within the Group and it is not considered practicable to split their services between entities. The amount which would be attributable to this company is considered negligible.

6 Other interest receivable and similar income

	9 months ended 31 December 2016 £000	Year ended 31 March 2016 £000
Total other interest receivable	-	13
	<hr/>	<hr/>

Notes (continued)

7 Interest payable and similar charges

	9 months ended 31 December 2016 £000	Year ended 31 March 2016 £000
Finance charges	7	6
Other similar charges payable	30	53
	<hr/>	<hr/>
Total interest payable and similar charges	37	59
	<hr/>	<hr/>

8 Taxation

Recognised in the profit and loss account

	9 months ended 31 December 2016 £'000	Year ended 31 March 2016 £'000
<i>UK corporation tax</i>		
Current tax on income for the period	-	(52)
Adjustments in respect of prior periods	(33)	333
	<hr/>	<hr/>
Total current tax (credit)/charge	(33)	281
<i>Deferred tax (see note 14)</i>		
Origination and reversal of temporary differences	(128)	(35)
Adjustment in respect of prior period	(14)	-
Effect of change in tax rate	-	(1)
	<hr/>	<hr/>
Total deferred tax (credit)/charge	(142)	(36)
	<hr/>	<hr/>
Tax on (loss) / profit on ordinary activities	(175)	245
	<hr/>	<hr/>

Reconciliation of effective tax rate

	9 months ended 31 December 2016 £000	Year ended 31 March 2016 £000
(Loss) for the year	(482)	(609)
Total tax credit /(expense)	(175)	245
	<hr/>	<hr/>
(Loss) excluding taxation	(657)	(364)
Tax using the UK corporation tax rate of 20% (2015: 20%)	(131)	(73)
Effects of:		
Non tax deductible/ (non taxable) items	3	(14)
Effect of changes in statutory tax rates on deferred tax assets and liabilities	-	(1)
Adjustments to tax charge in respect of previous periods	(47)	333
	<hr/>	<hr/>
Total tax (credit) / expense	(175)	245
	<hr/>	<hr/>

Notes (continued)

9 Tangible fixed assets

	Land and buildings £'000	Plant and equipment £'000	Fixtures & fittings £'000	Motor Vehicles £'000	Total £'000
Cost					
Balance at 01 April 2015	1,054	17,159	1,829	39	20,081
Additions	143	732	37	-	912
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2016	1,197	17,891	1,866	39	20,993
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At beginning of period	1,197	17,891	1,866	39	20,993
Additions	3	59	14	-	76
Disposals	-	(585)	(3)	-	(588)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	1,200	17,365	1,877	39	20,481
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment					
Balance at 01 April 2015	561	12,784	1,713	25	15,083
Depreciation charge for the year	99	778	66	4	947
Balance at 31 March 2016	660	13,562	1,779	29	16,030
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At beginning of period	660	13,562	1,779	29	16,030
Depreciation charge for the year	77	585	44	3	709
Disposals	-	(577)	(2)	-	(579)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	737	13,570	1,821	32	16,160
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 01 April 2015	493	4,375	116	14	4,998
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	537	4,329	87	10	4,963
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	463	3,795	56	7	4,321
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of land and buildings comprises:

	31 December 2016 £'000	31 March 2016 £'000
Long leasehold	488	537
	<hr/>	<hr/>

Notes (continued)

10 Stocks

	31 December 2016	31 March 2016
	£'000	£'000
Raw materials and consumables	1,479	1,046
Work in progress	1,099	1,531
Finished goods	2,985	3,681
Provision	(3,321)	(3,785)
	<u>2,242</u>	<u>2,473</u>

For the 9 month period ending 31 Dec 2016, £4,782k was charged through COS (12 months ending 31 March 2016: £8,511k).

For the 9 month period ending 31 Dec 2016, £243k was written off through the P&L (12 months ending 31 March 2016: £1,047).

11 Debtors

	31 December 2016 £'000	31 March 2016 £'000
Trade debtors	3,010	2,597
Deferred Tax Asset	2	-
Prepayments	342	615
Corporation Tax	71	-
	<u>3,425</u>	<u>3,212</u>

12 Creditors: amounts falling due within one year

	31 December 2016 £'000	31 March 2016 £'000
Hire purchase agreements	391	531
Bank overdraft	1,125	432
Trade creditors	1,277	1,368
Amounts owed to group undertakings	-	-
Corporation tax	-	294
Other taxation and social security	584	447
Accruals	1,062	1,183
	<u>4,439</u>	<u>4,255</u>

Security

The hire purchase agreements are secured on the assets concerned.

Notes (continued)

13 Creditors: amounts falling due after more than one year

	31 December 2016 £'000	31 March 2016 £'000
Accruals	350	315
Obligations under finance leases and hire purchase contracts	456	713
	<u>806</u>	<u>1,028</u>

Obligations under hire purchase

	31 December 2016 £'000	31 March 2016 £'000
Due in less than one year	391	531
Due in one to five years	456	713
Due in more than five years	-	-
	<u>847</u>	<u>1,244</u>

14 Provisions

	Deferred taxation £'000
At beginning of year	140
Debit to the P&L	142
	<u>(2)</u>
Balance at 31 March 2016	

The deferred tax asset is shown within debtors (Note 11)

15 Capital and reserves

Share capital

	31 December 2016 £	31 March 2016 £
<i>Allotted, called up and fully paid</i>		
100 Ordinary shares of £ 1 each	<u>100</u>	<u>100</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes (continued)

16 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	31 December 2016		31 March 2016	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Operating leases which expire:				
Within one year	614	144	593	235
Between one and two years	640	92	617	100
In the second to fifth years inclusive	2,562	165	1,920	-
Over five years	2,528	-	2,902	-
	<u>6,344</u>	<u>401</u>	<u>6,032</u>	<u>335</u>

During the year £517,000 was recognised as an expense in the profit and loss account in respect of operating leases (2015/16: £747,000).

17 Commitments

Capital commitments

At 31 December 2016, the Company has not entered into any contracts to purchase property, plant and equipment (2015/16: £nil).

18 Ultimate parent company and controlling company

The Company immediate parent company is Lymington Precision Engineering (LPE) Limited which owns the entire issued share capital of the company.

The ultimate parent company, and the smallest and largest Group in which these results are consolidated, is Senior Plc, a company registered in England & Wales. The accounts of Senior Plc are available to the public and can be obtained from 59/61 High Street, Rickmansworth, Hertfordshire, WD3 1RH.

19 Estimates and Judgements

Key sources of estimation uncertainty

The amount of material estimations to the Company or financial information are limited, however key areas are:

Stock

Although LPE makes to customer order only, the need for some spare product in the production process can lead to excess stock. This excess stock is provisioned against by age; all items over three months old, not having a customer order, is provided against 100%.