

Lymington Precision Engineers Co. Limited

Annual report and financial statements

Registered number 01543828

For the year ended 31 March 2015

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Company Information

The board of directors

Mr A M Chalk
Mr R B D Cole (Resigned 31 March 2015)
Mr D G Edgeley (Resigned 31 March 2015)
Mr M L B Palmer (Resigned 31 March 2015)
Mr Derek Harding (Appointed 31 March 2015)

Registered office

Gosport Street
Lymington
Hampshire
SO41 9EE

Auditor

KPMG LLP
Dukes Keep
Marsh Lane
Southampton
SO14 3EX
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 year ended 31 March 2015.

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>Year</u> <u>ended 31</u> <u>March</u> <u>2015</u> £000's	<u>Year</u> <u>ended</u> <u>31</u> <u>March</u> <u>2014</u> £000's	<u>% Change</u>
Turnover	50,666	42,741	18.5%
Gross margin	13,885	12,335	12.6%
Gross profit margin (%)	27.4%	28.9%	(1.5)%
Profit on ordinary activities before tax	6,693	5,995	11.7%

The Group maintained its' continual investment in people and equipment. The Company's investment in the Enterprise Resource Management (ERP) system, has enabled the Group to better understand costs, increase customer service levels and maintain a good control environment. These systems continued to be developed through the year and will be spread further into the operations as we learn to use all its' abilities.

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 adequate resources to continue in operation existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Significant events

On 31 March 2015 the shares in the parent company, were sold to Senior UK Limited, a subsidiary of Senior plc. The ultimate parent at 31 March 2015, and at the date of signing these financial statements, is Senior plc.

Results and dividend

The profit for the year, after taxation, amounted to £5,404,646 (2014: £5,065,802). During the year, the directors paid a dividend payment of £67,000 per ordinary share (2014: £79,596.85 per share).

Financial instruments

The company holds or issues 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.

Strategic report *(continued)*

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



Anthony Chalk
Director

Gosport Street
Lymington
Hampshire
SO41 9EE

Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2015.

Directors

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

Mr A M Chalk	
Mr R B D Cole	(Resigned 31 March 2015)
Mr D G Edgeley	(Resigned 31 March 2015)
Mr M L B Palmer	(Resigned 31 March 2015)
Mr Derek Harding	(Appointed 31 March 2015)

Political and charitable contributions

During the year the company made the following contributions:

	2015 £	2014 £
Education	500	250
Health	4,300	3,230
Local community and other	3,549	2,796
	<hr/> 8,349	<hr/> 6,276

Research and development activities

The group is committed to research and development activities in order to secure its position in the market. Expenditure in the year is set out in note 3.

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.

On average, trade creditors at the period end represented 53 (2014: 59) days' purchases.

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 are no post balance sheet events affecting the company.

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.

By order of the board



Anthony Chalk
Director

Gosport Street
Lymington
Hampshire
SO41 9EE

Statement of directors' responsibilities in respect of the Strategic Report, 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 the directors have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those 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;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



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 year ended 31 March 2015 set out on pages 9 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and 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 March 2015 and of its profit for the year 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 matter prescribed by the Companies Act 2006

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

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
Dukes Keep
Marsh Lane
Southampton
SO14 3EX

Date *16th July 2015*

Profit and Loss Account
For the year ended 31 March 2015

	<i>Note</i>	2015 £	2014 £
Turnover	2	50,666,458	42,740,747
Cost of sales		(36,781,056)	(30,405,836)
		<hr/>	<hr/>
Gross profit		13,885,402	12,334,911
Administrative expenses		(7,057,962)	(6,162,642)
		<hr/>	<hr/>
Operating profit	3	6,827,440	6,172,269
Other interest receivable and similar income	6	12,019	10,010
Interest payable and similar charges	7	(146,086)	(187,517)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		6,693,373	5,994,762
Tax on profit on ordinary activities	8	(1,288,727)	(928,960)
		<hr/>	<hr/>
Profit for the financial year	20	5,404,646	5,065,802
		<hr/> <hr/>	<hr/> <hr/>

The results for 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 11 to 21 form a part of these financial statements.

Balance Sheet
At 31 March 2015

	<i>Note</i>	2015	2014
		£	£
Fixed assets			
Tangible assets	11	4,998,158	4,273,345
Current assets			
Stocks	12	4,927,147	5,287,628
Debtors	13	6,796,163	7,474,331
Cash at bank and in hand		973,469	3,244,247
		<u>12,696,779</u>	<u>16,006,206</u>
Creditors: amounts falling due within one year	14	<u>(7,828,152)</u>	<u>(9,485,464)</u>
Net current assets		<u>4,868,627</u>	<u>6,520,742</u>
Total assets less current liabilities		<u>9,866,785</u>	<u>10,794,087</u>
Creditors: amounts falling due after more than one year	15	(1,243,805)	(950,287)
Provisions for liabilities	17	(176,091)	(101,557)
Net assets		<u>8,446,889</u>	<u>9,742,243</u>
Capital and reserves			
Called up share capital	18	100	100
Profit and loss account	19	8,446,789	9,742,143
Shareholders' funds	20	<u>8,446,889</u>	<u>9,742,243</u>

The notes from pages 11 to 21 form a part of these financial statements.

These financial statements were approved by the board of directors on 14 July 2015 and were signed on its behalf by:



Anthony Chalk
Director

Company registered number: 01543828

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with the Companies Act 2006 and Accounting Standards applicable in the United Kingdom.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Lymington Precision Engineering (LPE) Limited and ultimately Senior Plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group. The consolidated financial statements of Lymington Precision Engineering (LPE) Limited, within which this Company is included, can be obtained from the address given in note 23.

Going concern

The company's business activities together with the factors likely to affect its future are set out in the Strategic report on pages 2 to 3. In addition notes 1 to 23 to the financial statements include the company's policies & processes for managing its capital; financial risk management objectives; details of its financial instruments; and its exposure to credit & liquidity risks

The directors have a reasonable expectation that the company has adequate resources to continue in operation existence for the foreseeable future. The company is now part of a group cash pooling arrangement with Lloyds bank, whereby the company draws down funds as required to meet its working capital arrangements, under this arrangement the assets of the company are used as security for the facility. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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.

Tangible fixed assets and depreciation

Tangible Fixed assets are shown at their historical cost. Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold Improvements	-	straight line over 10 years or over the remaining life of lease whichever is the shorter
Plant and machinery	-	25 % reducing balance
Fixture, fittings and equipment	-	between 3 years straight line and 25 % reducing balance
Motor vehicles	-	25 % reducing balance

Notes *(continued)*

1 Accounting policies *(continued)*

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Assets acquired under finance leases are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and interest is charged to the profit and loss account under the sum of digits method.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred. Development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are expected to exceed related future sales and adequate resources exist to enable the project to be completed.

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

Cost is determined on average purchase price and includes all transport and handling costs.

Work in progress and finished goods are valued on the basis of direct costs, with reference to normal levels of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences.

Notes (continued)

1 Accounting policies (continued)

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either, financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Trade and other debtors

Trade and other debtors are recognised and carried forward at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Interest-bearing loans and borrowings

All loan and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Analysis of turnover

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2015 Turnover £	2014 Turnover £
United Kingdom	44,689,214	36,834,878
Rest of World	5,977,244	5,905,869
	<u>50,666,458</u>	<u>42,740,747</u>

All turnover originates in the United Kingdom.

Notes (continued)

3 Profit on ordinary activities before taxation

	2015 £	2014 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
Depreciation and other amounts written off tangible fixed assets:		
Owned	781,005	595,686
Leased	186,435	372,662
Loss on disposal of fixed assets	3,387	3,023
Operating leases / rental		
- property	517,500	486,189
- other	152,621	88,656
Research and development expenditure	855,748	1,500,000
Foreign exchange losses	59,931	13,266
Auditors' Remuneration:		
	2015 £	2014 £
Audit of these financial statements	22,500	22,500
Amounts receivable by auditors in respect of:		
Other services relating to taxation	31,667	29,667
Other services	2,500	2,500

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	
	2015	2014
Productive Staff	109	103
Administrative staff	105	101
	214	204

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	8,596,321	7,682,513
Social security costs	905,396	845,020
Other pension costs	417,471	242,072
	9,919,188	8,769,605

Notes *(continued)*

5 Remuneration of directors

	2015 £	2014 £
Directors' emoluments	623,287	620,798
Company contributions to money purchase pension schemes	47,795	41,331
	<u>671,082</u>	<u>662,129</u>

The aggregate of emoluments in the period of the highest paid director was £194,077, and Company pension contributions of £15,194 were made to a money purchase scheme on his behalf.

	Number of directors 2015	2014
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>4</u>	<u>4</u>

6 Interest receivable

	2015 £	2014 £
Other interest receivable	<u>12,019</u>	<u>10,010</u>

7 Interest payable and similar charges

	2015 £	2014 £
On bank loans and overdrafts	17,651	96,566
Finance charges	72,700	34,039
Other similar charges payable	55,735	56,912
	<u>146,086</u>	<u>187,517</u>

Notes (continued)

8 Taxation

Analysis of charge in period

	2015 £	2014 £
<i>UK corporation tax</i>		
Current tax on income for the period	1,072,544	877,797
Adjustments in respect of prior periods	141,649	(47,642)
	<hr/>	<hr/>
Total current tax	1,214,193	830,155
<i>Deferred tax (see note 17)</i>		
Origination/reversal of timing differences	77,872	1,633
Effect of change in tax rate	(3,338)	(360)
Adjustments in respect of prior periods	-	97,532
	<hr/>	<hr/>
Total deferred tax	74,534	98,805
	<hr/>	<hr/>
Tax on profit on ordinary activities	1,288,727	928,960
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2014: lower) than the standard rate of corporation tax in the UK of 21%, (2014: 23%). The differences are explained below:

Reductions in the UK corporation tax rate from 23% to 21% (effective from 01 April 2014) and 20% (effective from 01 April 2015) were substantively enacted on 02 July 2013. In the Budget on 08 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly.

	2015 £	2014 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	6,693,373	5,994,762
	<hr/>	<hr/>
Current tax at 21% (2014: 23 %)	1,405,608	1,378,795
<i>Effects of:</i>		
Fixed asset differences	3,059	(3,717)
Expenses not deductible for tax purposes	5,867	9,372
Depreciation in period in excess of capital allowances	(87,569)	(16,507)
R & D claim	(233,619)	(460,000)
Group relief for nil consideration	(26,605)	(30,146)
Adjustments to tax charge in respect of previous periods	141,649	(47,642)
Other short term timing differences	5,803	-
	<hr/>	<hr/>
Total current tax charge (see above)	1,214,193	830,155
	<hr/>	<hr/>

Notes (continued)

9 Dividends

The aggregate amount of dividends comprises:

	2015 £	2014 £
Equity dividends paid on ordinary shares	6,700,000	7,959,685
	<u>6,700,000</u>	<u>7,959,685</u>

The aggregate amount of dividends proposed and not recognised as liabilities as at the year end is £nil (2013: £nil).

10 Pension costs

The company made pension contributions during the period of £417,471 (2014: £242,072). Amounts outstanding at the balance sheet date total £64,278 (2014: £36,645).

11 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Fixtures, Fittings & equipment £	Motor Vehicles £	Total £
Cost					
At beginning of period	835,325	15,790,019	1,734,766	100,596	18,460,706
Additions	218,341	1,388,010	94,096	16,125	1,710,564
Disposals	-	(18,613)	-	(78,183)	(96,786)
	<u>1,053,666</u>	<u>17,159,416</u>	<u>1,828,862</u>	<u>38,538</u>	<u>20,074,474</u>
At end of period					
Depreciation					
At beginning of period	466,279	12,083,522	1,565,062	72,498	14,187,361
Charge for period	94,154	718,776	147,944	6,566	967,440
On disposals	-	(18,167)	-	(54,310)	(72,466)
	<u>560,433</u>	<u>12,784,131</u>	<u>1,713,006</u>	<u>24,754</u>	<u>15,082,335</u>
At end of period					
Net book value					
At 31 March 2015	<u>493,233</u>	<u>4,375,285</u>	<u>115,856</u>	<u>13,784</u>	<u>4,998,158</u>
At 1 April 2014	<u>369,046</u>	<u>3,706,497</u>	<u>169,704</u>	<u>28,098</u>	<u>4,273,345</u>

Notes (continued)

11 Tangible fixed assets (continued)

Included in the total net book value of plant & machinery is £1,941,717 (2014: £392,825) in respect of assets held under finance leases. Depreciation for the period on these assets was £186,435 (2014:£ 372,662).

The net book value of land and buildings comprises:

	2015 £	2014 £
Long leasehold	493,233	369,046

12 Stocks

	2015 £	2014 £
Raw materials and consumables	264,201	181,494
Work in progress	3,449,002	3,284,980
Finished goods and goods for resale	1,213,944	1,821,154
	<u>4,927,147</u>	<u>5,287,628</u>

13 Debtors

	2015 £	2014 £
Trade debtors	5,838,981	7,027,023
Amounts owed by group undertakings	561,861	-
Other debtors	12,603	74,342
Prepayments and accrued income	382,718	372,966
	<u>6,796,163</u>	<u>7,474,331</u>

14 Creditors: amounts falling due within one year

	2015 £	2014 £
Hire purchase agreements	510,341	340,936
Trade creditors	3,317,370	4,308,646
Amounts owed to group undertakings	-	1,477,256
Corporation tax	398,099	260,968
Other taxation and social security	1,159,833	953,245
Accruals and deferred income	2,442,509	2,144,413
	<u>7,828,152</u>	<u>9,485,464</u>

Security

The hire purchase agreements are secured on the assets concerned.

Notes (continued)

15 Creditors: amounts falling due after more than one year

	2015 £	2014 £
Obligations under finance leases and hire purchase contracts	<u>1,243,805</u>	<u>950,287</u>

16 Commitments under hire purchase agreements

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

	2015 £	2014 £
Within one year	510,341	340,936
In the second to fifth years	<u>1,243,805</u>	<u>950,287</u>
	<u>1,754,146</u>	<u>1,291,223</u>

17 Provisions for liabilities

	Deferred taxation £	Total £
At beginning of year	101,557	2,752
Debit to the profit and loss for the year regarding release of deferred tax	<u>74,534</u>	<u>98,805</u>
At end of year	<u>176,091</u>	<u>101,557</u>

The elements of deferred taxation are as follows:

	2015 £	2014 £
Excess of taxation over depreciation on fixed assets	188,947	2,752
Reversal of timing differences	-	1,633
Adjustment in respect of prior periods	(12,856)	97,532
Change in tax rate	-	(360)
	<u>176,091</u>	<u>101,557</u>
Deferred tax liability	<u>176,091</u>	<u>101,557</u>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 01 April 2014) and 20% (effective from 01 April 2015) were substantively enacted on 02 July 2013. In the Budget on 08 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax liability at the balance sheet date has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Notes (continued)

18 Called up share capital

	2015 £	2014 £
<i>Allotted, called up and fully paid</i>		
100 Ordinary shares of £1 each	100	100

19 Profit & loss account

	2015 £	2014 £
Balance brought forward	9,742,143	12,636,026
Profit for the financial year	5,404,646	5,065,802
Equity dividends	(6,700,000)	(7,959,685)
	<u>8,446,789</u>	<u>9,742,143</u>

20 Reconciliation of Movements in Shareholders' Funds

	2015 £	2014 £
Profit for the financial year	5,404,646	5,065,802
Dividends on shares classified in shareholders' funds	(6,700,000)	(7,959,685)
Retained (Loss)	(1,295,354)	(2,893,883)
Net (reduction) in shareholders' funds	(1,295,354)	(2,893,883)
Opening shareholder's funds	9,742,243	12,636,126
Closing shareholders' funds	8,446,889	9,742,243

21 Commitments

(a) Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	2015 £	2014 £
Contracted	860,796	-

Notes (continued)

21 Commitments (continued)

(b) Annual commitments under non-cancellable operating leases are as follows:

	2015 Land and buildings £	Other £	2014 Land and buildings £	Other £
Operating leases which expire:				
Within one year	37,500	23,697	16,280	4,456
In the second to fifth years inclusive	-	234,930	18,995	52,779
Over five years	673,909	-	450,000	-
	<u>711,409</u>	<u>258,627</u>	<u>485,275</u>	<u>57,235</u>

22 Related Party Transactions

The company has taken advantage of the exemption contained in the Financial Reporting Standard 8 not to disclose transactions with group companies as it is a 100% subsidiary of Lymington Precision Engineering (LPE) Limited for which consolidated accounts are prepared. Consolidated financial statements are publicly available from Companies House.

23 Parent Companies and Controlling interests

The Company was controlled by Lymington Precision Engineering (LPE) Limited which owned the entire issued share capital of the company until 31 March 2015.

The ultimate controlling party was Project Forest L.P. a fund managed by Vine Street Capital LLP until 31 March 2015 at which point the shares in Lymington Precision Engineering (LPE) Limited were sold to Senior UK Limited, a subsidiary of Senior plc.

The address that the accounts can be obtained from is Lymington Precision Engineering (LPE) Limited, Gosport Street, Lymington, SO41 9EE.