

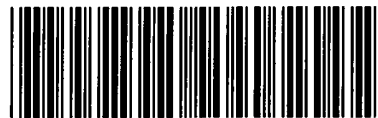
Registration number: 02572576

Pro-Align Ltd

Annual Report and Financial Statements
for the Year Ended 30 September 2017

10. Chartered Accountants
10 Cheyne Walk
Northampton
Northamptonshire
NN1 5PT

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Pro-Align Ltd

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Pro-Align Ltd

Company Information

Directors	Mr Paul Beaurain
	Mrs Kathryn Beaurain
	Mr Philip John Wylie
Company secretary	Mrs Kathryn Beaurain
Registered office	The Old Orchard Towcester Road Greens Norton Towcester Northamptonshire NN12 8AN
Auditors	10. Chartered Accountants 10 Cheyne Walk Northampton Northamptonshire NN1 5PT

Pro-Align Ltd

Strategic Report for the Year Ended 30 September 2017

The directors present their strategic report for the year ended 30 September 2017.

Principal activity

The principal activity of the company is supply of wheel service equipment.

Fair review of the business

The activities of the company are singularly focused on the Automotive aftermarket and the supply of wheel service equipment, alignment equipment being the largest proportion.

The company supplies at all levels, from car factory sites and R&D centres through the franchise dealer network and to the independent garage sector.

The company's products and services have shown that they can bring added business opportunities to its customer base - even when their own customers are finding times difficult.

The directors are again very pleased with the development of the business and despite a small reduction in turnover during the year (see below) the company continued to perform strongly in the year to end September 2017.

Turnover decreased by 3% during the year as a result of slower Equipment sales, particularly in the Body and Tyre Shop sectors, which have been adversely impacted by uncertainty surrounding the impact on the economy of BREXIT and aggressive price competition for suppliers of lower specification equipment. Despite these uncertainties we have continued to grow our customer base. Our Service revenue remained strong and benefits from our large base of installed equipment and deep focus on customer care.

The company has worked closely with its main supplier and a number of new products in the pipeline, which will help us compete, particularly with lower cost competitors.

Due to the rapidly expanding customer base, the directors continue to review efficient and effective ways of investing the company profits to streamline the organisational structure and continue to develop the quality and efficiency of our sales and service activities in the UK the Republic of Ireland.

Principal risks and uncertainties

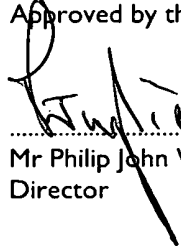
The company's principle risk is of wide currency fluctuations, making planning and forward costing difficult. The company's main purchases are in US dollars.

It is important to maintain turnover levels in order to support the company's structure and the directors have successfully extended the customer base in order to spread this risk. The company supplies high end products and has exclusive distribution arrangements in place with its major supplier.

Pro-Align Ltd

Strategic Report for the Year Ended 30 September 2017

Approved by the Board on 31 May 2018 and signed on its behalf by:



.....
Mr Philip John Wylie
Director

Pro-Align Ltd

Directors' Report for the Year Ended 30 September 2017

The directors present their report and the financial statements for the year ended 30 September 2017.

Directors of the company

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

Mr Paul Beaurain

Mrs Kathryn Beaurain - Company secretary and director

Mr Philip John Wylie

Future developments

The directors remain confident about the future and have approved significant investment project for the new financial year. We believe that with continued focus and the commitment of our workforce we are in a great position to grow the business and build on our position as the leading supplier of Wheel Servicing Equipment.

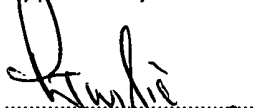
Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

The auditors IO. Chartered Accountants are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 31 May 2018 and signed on its behalf by:



Mr Philip John Wylie
Director

Pro-Align Ltd

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 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 these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The 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.

Pro-Align Ltd

Independent Auditor's Report to the Members of Pro-Align Ltd

Opinion

We have audited the financial statements of Pro-Align Ltd (the 'company') for the year ended 30 September 2017, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Pro-Align Ltd

Independent Auditor's Report to the Members of Pro-Align Ltd

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 5], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Pro-Align Ltd

Independent Auditor's Report to the Members of Pro-Align Ltd

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

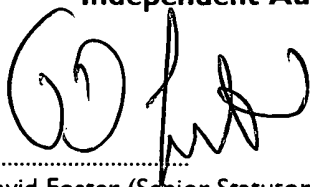
As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Pro-Align Ltd

Independent Auditor's Report to the Members of Pro-Align Ltd



.....
J David Foster (Senior Statutory Auditor)

For and on behalf of IO. Chartered Accountants, Statutory Auditor

10 Cheyne Walk
Northampton
Northamptonshire
NN1 5PT

31 May 2018

Pro-Align Ltd

Profit and Loss Account for the Year Ended 30 September 2017

	Note	Total 30 September 2017 £	Total 30 September 2016 £
Turnover	3	7,379,540	7,614,080
Cost of sales		<u>(3,755,629)</u>	<u>(3,690,703)</u>
Gross profit		3,623,911	3,923,377
Administrative expenses		(2,785,779)	(3,148,938)
Other operating income	4	<u>3,855</u>	<u>11,840</u>
Operating profit	6	<u>841,987</u>	<u>786,279</u>
Other interest receivable and similar income	7	128	-
Interest payable and similar expenses	8	<u>54,950</u>	<u>30,347</u>
		<u>55,078</u>	<u>30,347</u>
Profit before tax		897,065	816,626
Taxation	12	<u>(176,861)</u>	<u>(166,073)</u>
Profit for the financial year		<u><u>720,204</u></u>	<u><u>650,553</u></u>

The above results were derived from continuing operations.

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

The notes on pages 15 to 29 form an integral part of these financial statements.

Pro-Align Ltd

Statement of Comprehensive Income for the Year Ended 30 September 2017

	Note	2017 £	2016 £
Profit for the year		<u>720,204</u>	<u>650,553</u>
Total comprehensive income for the year		<u><u>720,204</u></u>	<u><u>650,553</u></u>

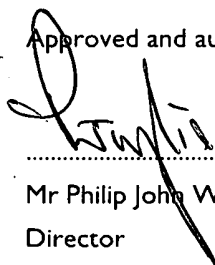
The notes on pages 15 to 29 form an integral part of these financial statements.

Pro-Align Ltd

(Registration number: 02572576)
Balance Sheet as at 30 September 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	13	1,480,680	1,827,161
Current assets			
Stocks	14	2,484,653	2,649,761
Debtors	15	1,412,524	1,105,208
Cash at bank and in hand		<u>885,690</u>	<u>470,528</u>
		4,782,867	4,225,497
Creditors: Amounts falling due within one year	17	<u>(1,045,664)</u>	<u>(1,319,487)</u>
Net current assets		<u>3,737,203</u>	<u>2,906,010</u>
Total assets less current liabilities		5,217,883	4,733,171
Creditors: Amounts falling due after more than one year	17	(293,636)	(337,427)
Provisions for liabilities	18	<u>(70,863)</u>	<u>(92,932)</u>
Net assets		<u>4,853,384</u>	<u>4,302,812</u>
Capital and reserves			
Called up share capital	20	150	150
Profit and loss account		<u>4,853,234</u>	<u>4,302,662</u>
Total equity		<u>4,853,384</u>	<u>4,302,812</u>

Approved and authorised by the Board on 31 May 2018 and signed on its behalf by:



 Mr Philip John Wylie
 Director

Pro-Align Ltd

Statement of Changes in Equity for the Year Ended 30 September 2017

	Share capital £	Profit and loss account £	Total £
At 1 October 2016	150	4,302,662	4,302,812
Profit for the year	-	720,204	720,204
Total comprehensive income	-	720,204	720,204
Dividends	-	(169,632)	(169,632)
At 30 September 2017	150	4,853,234	4,853,384
	Share capital £	Profit and loss account £	Total £
At 1 October 2015	150	3,821,741	3,821,891
Profit for the year	-	650,553	650,553
Total comprehensive income	-	650,553	650,553
Dividends	-	(169,632)	(169,632)
At 30 September 2016	150	4,302,662	4,302,812

The notes on pages 15 to 29 form an integral part of these financial statements.

Pro-Align Ltd

Statement of Cash Flows for the Year Ended 30 September 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the year		720,204	650,553
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	194,399	267,221
Profit on disposal of tangible assets	5	(8,880)	(2,943)
Finance income	7	(128)	-
Finance costs	8	6,576	11,198
Income tax expense	12	<u>176,861</u>	<u>166,073</u>
		1,089,032	1,092,102
Working capital adjustments			
Decrease/(increase) in stocks	14	165,108	(478,800)
Increase in trade debtors	15	(307,316)	(350,966)
(Decrease)/increase in trade creditors	17	<u>(269,317)</u>	<u>335,131</u>
Cash generated from operations		677,507	597,467
Income taxes paid	12	<u>(191,231)</u>	<u>(293,877)</u>
Net cash flow from operating activities		<u>486,276</u>	<u>303,590</u>
Cash flows from investing activities			
Interest received	7	128	-
Acquisitions of tangible assets		(144,503)	(374,004)
Proceeds from sale of tangible assets		<u>305,465</u>	<u>15,141</u>
Net cash flows from investing activities		<u>161,090</u>	<u>(358,863)</u>
Cash flows from financing activities			
Interest paid	8	(6,576)	(11,198)
Repayment of bank borrowing		(33,510)	(32,633)
Payments to finance lease creditors		(22,486)	(34,898)
Dividends paid	22	<u>(169,632)</u>	<u>(169,632)</u>
Net cash flows from financing activities		<u>(232,204)</u>	<u>(248,361)</u>
Net increase/(decrease) in cash and cash equivalents		415,162	(303,634)
Cash and cash equivalents at 1 October		<u>470,528</u>	<u>774,162</u>
Cash and cash equivalents at 30 September		<u><u>885,690</u></u>	<u><u>470,528</u></u>

The notes on pages 15 to 29 form an integral part of these financial statements.

Pro-Align Ltd

Notes to the Financial Statements for the Year Ended 30 September 2017

1 General information

The company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is:

The Old Orchard
Towcester Road
Greens Norton
Towcester
Northamptonshire
NN12 8AN

The principal place of business is:

The Old Orchard
Towcester Road
Greens Norton
Towcester
Northamptonshire
NN12 8AN

These financial statements were authorised for issue by the Board on 31 May 2018.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Pro-Align Ltd

Notes to the Financial Statements for the Year Ended 30 September 2017

2 Accounting policies (continued)

Judgements

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' best judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be appropriate.

Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Pro-Align Ltd

Notes to the Financial Statements for the Year Ended 30 September 2017

2 Accounting policies (continued)

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	2% on reducing balance
Plant and machinery	25% on reducing balance
Fixtures and fittings	40% on reducing balance and 25% on reducing balance
Motor vehicles	30% on reducing balance

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Pro-Align Ltd

Notes to the Financial Statements for the Year Ended 30 September 2017

2 Accounting policies (continued)

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Pro-Align Ltd

Notes to the Financial Statements for the Year Ended 30 September 2017

2 Accounting policies (continued)

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification

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

Debt instruments such as loans and other accounts receivable and payable are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method; Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, such as the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Pro-Align Ltd

Notes to the Financial Statements for the Year Ended 30 September 2017

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2017	2016
	£	£
Sale of goods, UK	7,149,099	7,572,388
Sale of goods, Europe	<u>230,441</u>	<u>41,692</u>
	<u>7,379,540</u>	<u>7,614,080</u>

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2017	2016
	£	£
Miscellaneous other operating income	<u>3,855</u>	<u>11,840</u>

5 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2017	2016
	£	£
Gain (loss) on disposal of property, plant and equipment	<u>8,880</u>	<u>2,943</u>

6 Operating profit

Arrived at after charging/(crediting)

	2017	2016
	£	£
Depreciation expense	194,399	267,221
Operating lease expense - plant and machinery	11,728	7,678
Profit on disposal of property, plant and equipment	<u>(8,880)</u>	<u>(2,943)</u>

7 Other interest receivable and similar income

	2017	2016
	£	£
Interest income on bank deposits	<u>128</u>	<u>-</u>

Pro-Align Ltd

Notes to the Financial Statements for the Year Ended 30 September 2017

8 Interest payable and similar expenses

	2017	2016
	£	£
Interest on bank overdrafts and borrowings	4,309	5,624
Foreign exchange (gains) / losses	(61,526)	(41,545)
Other finance costs	<u>2,267</u>	<u>5,574</u>
	<u>(54,950)</u>	<u>(30,347)</u>

Pro-Align Ltd

Notes to the Financial Statements for the Year Ended 30 September 2017

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017	2016
	£	£
Wages and salaries	1,558,269	1,704,506
Social security costs	157,310	171,584
Pension costs, defined contribution scheme	32,929	26,896
Other post-employment benefit costs	-	12,478
	<u>1,748,508</u>	<u>1,915,464</u>

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

	2017	2016
	No.	No.
Administration and support	32	31
Sales, marketing and distribution	<u>26</u>	<u>25</u>
	<u>58</u>	<u>56</u>

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017	2016
	£	£
Remuneration	<u>14,952</u>	<u>14,952</u>

11 Auditors' remuneration

	2017	2016
	£	£
Audit of the financial statements	<u>3,100</u>	<u>3,000</u>

	2017	2016
	£	£
Estimated money value of benefits in kind for non-audit services	<u>3,663</u>	<u>3,660</u>

Pro-Align Ltd

Notes to the Financial Statements for the Year Ended 30 September 2017

12 Taxation

Tax charged/(credited) in the income statement

	2017 £	2016 £
Current taxation		
UK corporation tax	198,930	191,230
Deferred taxation		
Arising from changes in tax rates and laws	<u>(22,069)</u>	<u>(25,157)</u>
Tax expense in the income statement	<u><u>176,861</u></u>	<u><u>166,073</u></u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2016 - the same as the standard rate of corporation tax in the UK) of 19% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Profit before tax	<u>897,065</u>	<u>816,626</u>
Corporation tax at standard rate	170,442	163,325
Increase (decrease) from effect of different UK tax rates on some earnings	4,487	-
Effect of expense not deductible in determining taxable profit (tax loss)	-	307
UK deferred tax expense (credit) relating to changes in tax rates or laws	(22,070)	(25,157)
Tax increase (decrease) from effect of capital allowances and depreciation	<u>24,002</u>	<u>27,598</u>
Total tax charge	<u><u>176,861</u></u>	<u><u>166,073</u></u>

Deferred tax

Deferred tax assets and liabilities

2017	Liability £
Accelerated tax depreciation	<u><u>92,932</u></u>

Pro-Align Ltd

Notes to the Financial Statements for the Year Ended 30 September 2017

12 Taxation (continued)

2016	Liability £
Accelerated tax depreciation	<u><u>70,863</u></u>

13 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other property, plant and equipment £
Cost or valuation				
At 1 October 2016	1,588,121	329,810	1,160,063	126,544
Additions	8,146	51,004	82,023	3,330
Disposals	<u>(250,446)</u>	<u>(3,304)</u>	<u>(62,648)</u>	<u>(20,863)</u>
At 30 September 2017	<u><u>1,345,821</u></u>	<u><u>377,510</u></u>	<u><u>1,179,438</u></u>	<u><u>109,011</u></u>
Depreciation				
At 1 October 2016	351,830	260,361	694,991	70,195
Charge for the year	22,577	23,559	138,237	10,026
Eliminated on disposal	<u>(3,339)</u>	<u>(3,068)</u>	<u>(31,594)</u>	<u>(2,675)</u>
At 30 September 2017	<u><u>371,068</u></u>	<u><u>280,852</u></u>	<u><u>801,634</u></u>	<u><u>77,546</u></u>
Carrying amount				
At 30 September 2017	<u><u>974,753</u></u>	<u><u>96,658</u></u>	<u><u>377,804</u></u>	<u><u>31,465</u></u>
At 30 September 2016	<u><u>1,236,291</u></u>	<u><u>69,449</u></u>	<u><u>465,072</u></u>	<u><u>56,349</u></u>

Pro-Align Ltd

Notes to the Financial Statements for the Year Ended 30 September 2017

13 Tangible assets (continued)

	Total £
Cost or valuation	
At 1 October 2016	3,204,538
Additions	144,503
Disposals	<u>(337,261)</u>
At 30 September 2017	<u>3,011,780</u>
Depreciation	
At 1 October 2016	1,377,377
Charge for the year	194,399
Eliminated on disposal	<u>(40,676)</u>
At 30 September 2017	<u>1,531,100</u>
Carrying amount	
At 30 September 2017	<u>1,480,680</u>
At 30 September 2016	<u>1,827,161</u>

Included within the net book value of land and buildings above is £974,753 (2016 - £1,236,290) in respect of freehold land and buildings.

14 Stocks

	2017 £	2016 £
Finished goods and goods for resale	<u>2,484,653</u>	<u>2,649,761</u>

Pro-Align Ltd

Notes to the Financial Statements for the Year Ended 30 September 2017

15 Debtors

	2017	2016
	£	£
Trade debtors	1,381,561	1,073,774
Other debtors	9,104	9,581
Prepayments	<u>21,859</u>	<u>21,853</u>
Total current trade and other debtors	<u><u>1,412,524</u></u>	<u><u>1,105,208</u></u>

Pro-Align Ltd

Notes to the Financial Statements for the Year Ended 30 September 2017

16 Cash and cash equivalents

	2017 £	2016 £
Cash on hand	309	82
Cash at bank	<u>885,381</u>	<u>470,446</u>
	<u>885,690</u>	<u>470,528</u>

17 Creditors

	Note	2017 £	2016 £
Due within one year			
Loans and borrowings	21	44,347	56,552
Trade creditors		535,858	705,084
Social security and other taxes		198,870	250,424
Other payables		5,660	4,883
Accrued expenses		62,000	111,314
Income tax liability	12	<u>198,929</u>	<u>191,230</u>
		<u>1,045,664</u>	<u>1,319,487</u>
Due after one year			
Loans and borrowings	21	<u>293,636</u>	<u>337,427</u>

18 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 October 2016	92,932	92,932
Increase (decrease) in existing provisions	<u>(22,069)</u>	<u>(22,069)</u>
At 30 September 2017	<u>70,863</u>	<u>70,863</u>

Pro-Align Ltd

Notes to the Financial Statements for the Year Ended 30 September 2017

19 Pension and other schemes

Defined contribution 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 £32,929 (2016 - £26,896).

20 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary share capital of £1 each	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>

21 Loans and borrowings

	2017	2016
	£	£
Non-current loans and borrowings		
Bank borrowings	293,636	327,767
Finance lease liabilities	<u>-</u>	<u>9,660</u>
	<u>293,636</u>	<u>337,427</u>
	2017	2016
	£	£
Current loans and borrowings		
Bank borrowings	33,747	33,124
Finance lease liabilities	<u>10,600</u>	<u>23,428</u>
	<u>44,347</u>	<u>56,552</u>

Pro-Align Ltd

Notes to the Financial Statements for the Year Ended 30 September 2017

21 Loans and borrowings (continued)

Bank borrowings

Bank loan is denominated in with a nominal interest rate of 1% over base, and the final instalment is due on 19 October 2026. The carrying amount at year end is £327,382 (2016 - £360,891).

The bank loan is secured by a fixed charge over the freehold property.

Other borrowings

Hire purchase with a carrying amount of £10,600 (2016 - £33,088) is denominated in with a nominal interest rate of 7.15%. The final instalment is due on 17 March 2018.

The hire purchase contracts are secured over the assets to which they relate.

22 Dividends

	2017 £	2016 £
Interim dividend of £1,130.88 (2016 - £1,130.88) per ordinary share	169,632	169,632

23 Related party transactions

Summary of transactions with entities with joint control or significant interest

Pro-Align Ireland Limited, an Irish company owned by the majority of the Pro-Align Limited shareholders.

Income and receivables from related parties

2017	Entities with joint control or significant influence £
Sale of goods	221,889
Amounts receivable from related party	<u>439,579</u>

Pro-Align Ltd

Detailed Profit and Loss Account for the Year Ended 30 September 2017

	2017	2016
	£	£
Turnover (analysed below)	7,379,540	7,614,080
Cost of sales (analysed below)	<u>(3,755,629)</u>	<u>(3,690,703)</u>
Gross profit	<u>3,623,911</u>	<u>3,923,377</u>
Gross profit (%)	49.11%	51.53%
Administrative expenses		
Employment costs (analysed below)	(1,748,508)	(1,915,464)
Establishment costs (analysed below)	(178,326)	(202,976)
General administrative expenses (analysed below)	(666,058)	(754,261)
Finance charges (analysed below)	(7,368)	(11,959)
Depreciation costs (analysed below)	(194,399)	(267,221)
Other expenses (analysed below)	<u>8,880</u>	<u>2,943</u>
	(2,785,779)	(3,148,938)
Other operating income (analysed below)	<u>3,855</u>	<u>11,840</u>
Operating profit	<u>841,987</u>	<u>786,279</u>
Other interest receivable and similar income (analysed below)	128	-
Interest payable and similar charges (analysed below)	<u>54,950</u>	<u>30,347</u>
	<u>55,078</u>	<u>30,347</u>
Profit before tax	<u><u>897,065</u></u>	<u><u>816,626</u></u>

This page does not form part of the statutory financial statements.

Pro-Align Ltd

Detailed Profit and Loss Account for the Year Ended 30 September 2017

	2017 £	2016 £
Turnover		
Sale of goods, UK	7,149,099	7,572,388
Sale of goods, Europe	<u>230,441</u>	<u>41,692</u>
	<u><u>7,379,540</u></u>	<u><u>7,614,080</u></u>
Cost of sales		
Opening raw materials	2,649,761	2,170,961
Purchases	3,388,847	3,943,369
Closing raw materials	(2,484,652)	(2,649,761)
Subcontract cost	39,017	30,423
Freight and carriage	<u>162,656</u>	<u>195,711</u>
	<u><u>3,755,629</u></u>	<u><u>3,690,703</u></u>
Employment costs		
Wages and salaries (excluding directors)	(1,543,317)	(1,689,554)
Staff NIC (Employers)	(157,310)	(170,099)
Directors remuneration	(14,952)	(14,952)
Directors NIC (Employers)	-	(1,485)
Staff pensions (Defined contribution)	(32,929)	(26,896)
Directors pensions (Other)	<u>-</u>	<u>(12,478)</u>
	<u><u>(1,748,508)</u></u>	<u><u>(1,915,464)</u></u>
Establishment costs		
Rent and rates	(22,969)	(28,433)
Rent	(21,734)	(28,658)
Light, heat and power	(7,536)	(13,649)
Insurance	(79,898)	(63,586)
Repairs and renewals	<u>(46,189)</u>	<u>(68,650)</u>
	<u><u>(178,326)</u></u>	<u><u>(202,976)</u></u>
General administrative expenses		
Telephone and fax	(21,456)	(22,690)
Computer software and maintenance costs	(22,532)	(40,101)
Printing, postage and stationery	(27,734)	(35,252)
Recruitment and HR costs	(25,298)	(32,559)
Charitable donations	-	(747)
Hire of plant and machinery (Operating leases)	(11,728)	(7,678)

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Pro-Align Ltd

Detailed Profit and Loss Account for the Year Ended 30 September 2017

Sundry expenses	(42,473)	(55,462)
Motor expenses	(349,840)	(330,489)
Advertising	(146,254)	(182,850)
Accountancy fees	(3,663)	(3,660)
Auditor's remuneration - The audit of the company's annual accounts	(3,100)	(3,000)
Legal and professional fees	(11,442)	(39,417)
Bad debts written off	(538)	(356)
	<u>(666,058)</u>	<u>(754,261)</u>
Finance charges		
Bank charges	<u>(7,368)</u>	<u>(11,959)</u>
Depreciation costs		
Depreciation of freehold property	(22,577)	(26,328)
Depreciation of plant and machinery (owned)	(10,026)	(15,396)
Depreciation of fixtures and fittings (owned)	(23,559)	(31,687)
Depreciation of motor vehicles (owned)	<u>(138,237)</u>	<u>(193,810)</u>
	<u>(194,399)</u>	<u>(267,221)</u>
Other expenses		
(Profit)/loss on disposal of tangible fixed assets	<u>8,880</u>	<u>2,943</u>
Other operating income		
Other operating income	<u>3,855</u>	<u>11,840</u>
Other interest receivable and similar income		
Bank interest receivable	<u>128</u>	<u>-</u>
Interest payable and similar expenses		
Bank loan interest payable	4,309	5,624
Foreign currency (gains)/losses	(61,526)	(41,545)
Operating lease interest	<u>2,267</u>	<u>5,574</u>
	<u>(54,950)</u>	<u>(30,347)</u>

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