

Abrasive Technology Limited

Abbreviated Accounts

Year Ended

31 December 2015

Company Number 02874855



Abrasive Technology Limited

Director's Report For the Year Ended 31 December 2015

The director presents his report and the financial statements for the year ended 31 December 2015.

Director's responsibilities statement

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Principal activities

The principal activity of the company continues to be the manufacture of a wide range of tooling products, incorporating industrial diamond and other superabrasives.

Director

The director who served during the year was:

L M Peterman Jnr

Provision of information to auditors

The director at the time when this Director's Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

Abrasive Technology Limited

Director's Report For the Year Ended 31 December 2015

Auditors

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

In preparing this director's report advantage has been taken of the small companies' exemption. As such, the company is exempt from preparing a strategic report

This report was approved by the board on 27 APR 2016

and signed on its behalf.



L M Peterman Jnr
Director

Abrasive Technology Limited

Independent Auditor's report to Abrasive Technology Limited UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts which comprise the Statement of Financial Position and the related notes, together with the financial statements of Abrasive Technology Limited for the year ended 31 December 2015 prepared under section 396 of the Companies Act 2006.

Our report has been prepared pursuant to the requirements of section 449 of the Companies Act 2006 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of section 449 of the Companies Act 2006 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.



Philip Storer (Senior statutory auditor)
for and on behalf of **BDO LLP**, Statutory auditor
Manchester
United Kingdom

3/5/2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Abrasive Technology Limited

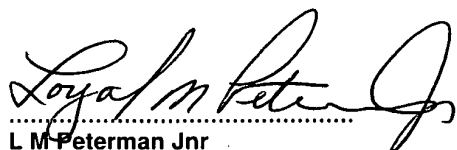
Registered number:02874855

Abbreviated Balance Sheet As at 31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	3	2,099,856	1,536,535
		<u>2,099,856</u>	<u>1,536,535</u>
Current assets			
Stocks		331,513	264,381
Debtors	5	379,036	787,957
Cash at bank and in hand	6	123,324	148,674
		<u>833,873</u>	<u>1,201,012</u>
Creditors: amounts falling due within one year	7	(1,576,392)	(219,208)
Net current assets		<u>(742,519)</u>	<u>981,804</u>
Total assets less current liabilities		<u>1,357,337</u>	<u>2,518,339</u>
Government grants		(100,000)	-
Net assets		<u><u>1,257,337</u></u>	<u><u>2,518,339</u></u>
Capital and reserves			
Called up share capital	9	1,834,282	1,834,282
Share premium account		758,080	758,080
Revaluation reserve		155,589	157,464
Profit and loss account		(1,490,614)	(231,487)
		<u><u>1,257,337</u></u>	<u><u>2,518,339</u></u>

The Company's financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The abbreviated accounts, which have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 were approved and authorised for issue by the board and were signed on its behalf on 27 Apr 2016.



L M Peterman Jnr
Director

The notes on pages 5 to 13 form part of these financial statements.

Abrasive Technology Limited

Notes to the Abbreviated Accounts For the Year Ended 31 December 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The policies applied under the entity's previous accounting framework are not materially different to FRS102 and have not impacted on equity or profit or loss.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Going concern

The company meets its day to day working capital requirements through funds loaned by group undertakings which are repayable on demand. Based upon the working capital requirements identified from the forecasts prepared for the next twelve months, the company is reliant on the support of the parent company to continue its operations. The company has received a formal undertaking from its parent company that it will continue to provide such financial support for the foreseeable future and for a period of at least twelve months from the date of signing the financial statements. On this basis, the director considers it appropriate to prepare the financial statements on a going concern basis.

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Abrasive Technology Limited

Notes to the Abbreviated Accounts For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Depreciation is provided on the following bases:

Freehold property	-	2%
Plant and machinery	-	10%
Fixtures and fittings	-	20%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

Assets under construction are not depreciated.

1.5 Land and buildings

The company had previously taken advantage of the arrangements under Financial Reporting Standard 15 'Tangible fixed assets' (old UK GAAP) which allowed the carrying value of those assets acquired prior to 31 December 1999, which had been revalued, to be retained. All additions to fixed assets since this date are stated at cost. Where an asset that was previously revalued is disposed of, its book value is eliminated and an appropriate transfer made from the revaluation reserve to the profit and loss account.

1.6 Operating leases: Lessee

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

Abrasive Technology Limited

Notes to the Abbreviated Accounts For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.11 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade 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, like 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 case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the

Abrasive Technology Limited

Notes to the Abbreviated Accounts For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.11. Financial instruments (continued)

asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

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

1.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.13 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

1.14 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and Loss Account within 'other operating income'.

Abrasive Technology Limited

Notes to the Abbreviated Accounts For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.15 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.16 Provisions for Liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the director has had to make the following judgments:

- Determine whether there are indicators of impairment of the Company's tangible fixed assets and investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 3)
Tangible fixed assets, other than investments properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Abrasive Technology Limited

Notes to the Abbreviated Accounts For the Year Ended 31 December 2015

3. Tangible fixed assets

	£
Cost or valuation	
At 1 January 2015	4,152,871
Additions	645,191
Transfers between classes	-
At 31 December 2015	4,798,062
Depreciation	
At 1 January 2015	2,616,336
Charge owned for the period	81,870
At 31 December 2015	2,698,206
At 31 December 2015	2,099,856
AT 31 December 2014	1,536,535

4. Fixed asset investments

	£
Cost or valuation	
At 1 January 2015	740,711
Additions	192,431
At 31 December 2015	933,142
Impairment	
At 1 January 2015	740,711
Impairment charge	192,431
At 31 December 2015	933,142
At 31 December 2015	-
AT 31 December 2014	-

Abrasive Technology Limited

Notes to the Abbreviated Accounts For the Year Ended 31 December 2015

4. Fixed asset investments (continued)

The registered office of the above subsidiary is Block 1093 Lower Delta Road, #05-11 Tiong Bahru Industrial Estate, Singapore 169204.

The aggregate of the share capital and reserves as at 31 December 2015 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves US\$	Profit/(loss) US\$
Abrasive Technology Asia Pacific Pte Ltd	428,459	(205,752)
	<u>428,459</u>	<u>(205,752)</u>

5. Debtors

	2015 £	2014 £
Due after more than one year		
Other debtors	30,000	30,000
	<u>30,000</u>	<u>30,000</u>
Due within one year		
Trade debtors	232,872	328,507
Amounts owed by group undertakings	22,789	327,692
Other debtors	93,375	101,758
	<u>379,036</u>	<u>787,957</u>

Debtors include £30,000 (2014 - £NIL) falling due after more than one year.

6. Cash and cash equivalents

	2015 £	2014 £
Cash at bank and in hand	123,324	148,674
	<u>123,324</u>	<u>148,674</u>

Abrasive Technology Limited

Notes to the Abbreviated Accounts For the Year Ended 31 December 2015

7. Creditors: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	163,571	120,686
Amounts owed to group undertakings	1,281,415	-
Taxation and social security	30,719	27,229
Accruals and deferred income	100,687	71,293
	<u>1,576,392</u>	<u>219,208</u>

8. Financial instruments

	2015 £	2014 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>379,036</u>	<u>787,957</u>
	<u>379,036</u>	<u>787,957</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(1,545,673)</u>	<u>(191,979)</u>
	<u>(1,545,673)</u>	<u>(191,979)</u>

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

Financial Liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings and accruals.

9. Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
1,834,282 Ordinary shares of £1 each	<u>1,834,282</u>	<u>1,834,282</u>

Abrasive Technology Limited

Notes to the Abbreviated Accounts For the Year Ended 31 December 2015

10. Controlling party

The company's ultimate parent undertaking is Abrasive Technology Inc, incorporated in the USA and the ultimate controlling party is L M Peterman Jnr.