

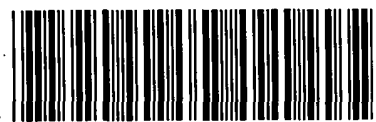
# **Metric Group Holdings Limited**

**Directors' reports and financial  
statements**

**Registered number 03360919**

**For the year ended 31 December 2015**

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## Strategic Report for the year ended 31 December 2015

The directors present their strategic report on the Company and the Group for the year ended 31 December 2015. The following Business review deals with the consolidated results of the Company and its subsidiaries, Metric Group Limited and Metric Group Inc., together "the Group".

### Business review

#### Key Performance Indicators

	2015	2014
<i>Revenue</i>	<i>18,536</i>	<i>16,426</i>
<i>Gross Profit</i>	<i>6,218</i>	<i>6,290</i>
<i>Operating Profit</i>	<i>494</i>	<i>580</i>

In 2015 Metric Group Limited was able to significantly expand its core business and market share, while also developing its support for other parking and ticketing revenue streams.

Sales of Pay and Display parking meters to the UK market were at a record high, showing a year on year increase of 41%, as the company was able to maximise the strength of its Elite parking machine.

Service and contract revenues continued to remain stable, overall revenue showing growth of 12% boosted by the inclusion of ticketing support agreements.

The group was also able to continue to provide its customers with alternative Pay on Foot barriers systems once again in 2015 and sales of the Vivopark machines continue.

Software enhancements for the group's Bus Ticketing customers continued, for both its legacy parent-company based products and the Future Fleet products it is developing.

The group's gross profit percentage of sales dropped from 38% in 2014 to 33% in 2015, due mainly to a significant increase in lower-margin revenue streams. The group projects to maintain margins at this new level whilst it develops and supplies alternative equipment to its current product portfolio.

The group continued to control its operating costs during 2015 while still undergoing significant investment in its product portfolio and expects to release two new innovative products to the market in 2016 further strengthening the group's market share and prospects. Total operating costs only rose by 0.2% compared with 2014.

During 2014 the US subsidiary Metric Group Inc was restructured in an effort to realign the operating costs of the business to the revenues being achieved. This change had the effect of reducing normal operating expenses in 2015 to circa. \$300k from its 2013 position of circa. £1,493k and projects to render the US subsidiary significantly more sustainable moving forwards. During 2015 one-off costs of \$170,000 were suffered, due to the conclusion after mediation of a wrongful dismissal case with a former employee from 2013.

The business objectives continue to be the design, manufacture, supply and service of ticket issuing, ticket validating, fare collection, barrier entry, paper handling and coin counting/sorting machines and related component/equipment. The group also designs and supplies computer software and access control equipment. The financial position of the Company and Group are considered to be satisfactory.

## Strategic Report for the year ended 31 December 2015 *(continued)*

### Future developments

The group will continue to identify and realise innovation opportunities for its parking and ticketing solutions. No significant changes are expected to the group's business in the foreseeable future.

### Going Concern

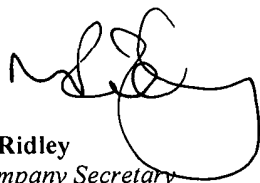
On 28 June 2016, the company's immediate parent company, Metric Mobility Solutions AG initiated insolvency proceedings in Germany, placing itself into self administration. This process has no direct impact on the company which continues to trade profitably. The company has now been sold to Tri Star Security PTE Limited who have committed to provide loan facilities and financial support to the company. Therefore the directors believe that it is appropriate to prepare the accounts on a going concern basis.

### Principal risks and uncertainties

The principal risks to the business continue to be the ever changing technology in the parking and transport industries. The group continues to mitigate these risks by maintaining its strong development resource and continuing to provide effective after sales support to its many customers.

Financial risk management activities are discussed further in the Directors' Report.

By order of the Board



M Ridley  
Company Secretary

Metric House  
Westmead Drive  
Westmead Industrial Estate  
Swindon, SN5 7AD  
31 October 2016

## **Director's Report for the year ended 31 December 2015**

The director presents his report on the company, the strategic report, and the audited financial statements of the company and its group the year ended 31 December 2015.

### **Business review**

The director has provided a strategic report herein which includes a fair review of the business and a description of the principal risks and uncertainties facing the company.

### **Future developments**

Future developments are discussed in the Strategic Report.

### **Proposed dividend**

The director does not recommend the payment of a dividend (2014: £Nil).

### **Financial risk management**

The group's operations expose it to a variety of financial risks that include credit risk, liquidity risk, interest rate risk and foreign exchange risk. The company has specific policies and procedures to manage those risks that are set by the Board and implemented by the finance department.

#### *Credit risk*

The group has policies to ensure that appropriate credit checks are undertaken on all new potential customers. Periodic reviews of credit terms are undertaken depending on changes in trading relationships and other relevant information.

#### *Interest rate risk*

The group has an invoicing discounting facility and intergroup borrowings that attract a variable interest rate. The company is therefore exposed to changes in market interest rates.

#### *Liquidity risk*

The group is cash generative and benefits from a loan facility provided by its ultimate parent company.

#### *Foreign exchange risk*

The group purchases some goods in foreign currency and has intercompany loan balances denominated in foreign currencies and therefore is exposed to foreign exchange risk.

### **Directors**

The directors who held in office during the year and up to the date signing the financial statements are given below:

T Dibbern (resigned 6 October 2016)  
P Aylward (appointed 6 October 2016)

### **Research and development**

The policy of the group is to invest in product development in response to the anticipated demands of its markets and to enable it to retain and enhance its market position.

## **Director's report for the year ended 31 December 2015** *(continued)*

### **Employees**

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests. Communication with all employees continues through the in-house newsletters, briefings and the distribution of the annual report. A regular suggestion and feedback scheme operates throughout the business. The suggestions, resulting responses and actions are shared throughout the business.

### **Employment of disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

### **Corporate social responsibility**

Ongoing and potential environmental risks are regularly monitored in the operations of the group. External expertise is brought in for environmental assessments when necessary.

### **Statement of directors' responsibilities**

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 prepared the consolidated financial statements in accordance with International Financial Reporting Standard (IFRSs) as adopted by the European Union, and the company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the EU, and UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS101 used in the preparation of the company 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.

## Directors' Report for the year ended 31 December 2015 *(continued)*

### Statement of disclosure of information to auditors


In the case of each of the persons who are directors at the time when this report was approved, under Section 418 (1) to (4) of the Companies Act 2006, the following applies:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information and to establish that the company's auditors are aware of that information.

### Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and PricewaterhouseCoopers LLP, will, therefore, continue in office.

By order of the Board

  
**M Ridley**  
Company Secretary

Metric House  
Westmead Drive  
Westmead Industrial Estate  
Swindon, SN5 7AD  
31 October 2016

## **Independent auditors' report to the members of Metric Group Holdings Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion:

- Metric Group Holdings Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2015 and of the group's profit and cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

The financial statements, included within the Directors' reports and financial statements (the "Annual Report"), comprise:

- the consolidated statement of financial position as at 31 December 2015;
- the company statement of financial position as at 31 December 2015;
- the consolidated income statement and consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the group financial statements is IFRSs as adopted by the European Union, and applicable law. The financial reporting framework that has been applied in the preparation of the company financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice), and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



## **Independent auditors' report to the members of Metric Group Holdings Limited (continued)**

### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the 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.

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Paul Nott (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol

31 October 2016

**Consolidated Income Statement**  
*for the year ended 31 December 2015*

	<i>Note</i>	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
<b>Revenue</b>	<b>3</b>	<b>18,536</b>	<b>16,426</b>
Cost of sales		(12,318)	(10,136)
<b>Gross profit</b>		<b>6,218</b>	<b>6,290</b>
Distribution costs		(1,754)	(1,304)
Administrative expenses		(3,970)	(4,406)
<b>Operating profit</b>		<b>494</b>	<b>580</b>
Other interest receivable and similar income	<b>6</b>	<b>294</b>	<b>212</b>
Interest payable and similar charges	<b>7</b>	<b>(122)</b>	<b>(134)</b>
Other finance costs	<b>18</b>	<b>(258)</b>	<b>(270)</b>
<b>Profit on ordinary activities before taxation</b>	<b>8</b>	<b>408</b>	<b>388</b>
Tax on profit on ordinary activities	<b>9</b>	<b>(197)</b>	<b>20</b>
<b>Profit for the financial year</b>		<b>211</b>	<b>408</b>

There were no material acquisitions and no operations were discontinued either in the current or the preceding financial year, and hence all items dealt with in arriving at the profit/(loss) for the financial years relate to continued operations.

The accompanying notes are an integral part of this Consolidated income statement.

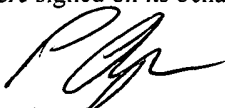
**Consolidated Statement of Comprehensive Income**  
*for the year ended 31 December 2015*

		2015	2014
	Note	£'000	£'000
Profit for the financial year		211	408
Items that will not be reclassified to profit and loss:			
Actuarial gain/(loss) on pension scheme	19	394	(1,309)
Foreign exchange losses		(98)	(91)
Movement on deferred tax relating to pension deficit		(162)	261
Other comprehensive income/(expense) for the year (net of tax)		134	(1,139)
Total Comprehensive Income/(expense) for the year		345	(731)

**Consolidated Statement of Financial Position**  
*as at 31 December 2015*

	Notes	2015 £'000	2014 £'000	2013 £'000
<b>Non-current assets</b>				
Property Plant and Equipment	10	435	501	550
Intangible assets	11	2,874	2,621	2,016
Deferred tax assets	9	1,969	2,188	1,907
		5,278	5,310	4,473
<b>Current assets</b>				
Inventory	13	3,646	4,281	4,220
Trade and other receivables	14	3,110	3,237	(3,978)
Cash at bank and in hand		362	625	429
		7,118	8,143	8,627
<b>Total assets</b>		<b>12,396</b>	<b>13,453</b>	<b>13,100</b>
<b>Equity attributable to owners of parent</b>				
Called up share capital	18	1	1	1
Share premium		1,046	1,046	1,046
Capital redemption reserve		10	10	10
Retained earnings		(2,246)	(2,591)	(1,860)
<b>Total equity</b>		<b>(1,189)</b>	<b>(1,534)</b>	<b>(803)</b>
<b>Non-current liabilities</b>				
Loans and other payables	17	2,215	2,389	4,401
Pension obligations	19	7,081	7,551	6,306
		9,296	9,940	10,707
<b>Current liabilities</b>				
Bank loans and overdrafts	15	325	380	538
Corporation tax liability		140	-	-
Trade and other payables	16	3,824	4,667	2,658
		4,289	5,047	3,196
<b>Total liabilities and equity</b>		<b>12,396</b>	<b>13,453</b>	<b>13,100</b>

These financial statements on pages 9 to 37 were approved by the board of directors on 31 October 2016 and were signed on its behalf by:

  
P Aylward  
Director

**Company Statement of Financial Position**  
*as at 31 December 2015*

	Notes	2015 £'000	2014 £'000
<b>Non-current assets</b>			
Investment in subsidiaries	12	11,627	11,627
<b>Total assets</b>		<b>11,627</b>	<b>11,627</b>
<b>Shareholders' Equity</b>			
Called up share capital	18	1	1
Share premium		1,046	1,046
Capital redemption reserve		10	10
Retained earnings		713	913
<b>Total equity</b>		<b>1,770</b>	<b>1,970</b>
<b>Non-current liabilities</b>			
Loans and other payables	17	9,657	9,468
		9,657	9,468
<b>Current liabilities</b>			
Trade and other payables	16	200	189
		200	189
<b>Total liabilities and shareholders' equity</b>		<b>11,627</b>	<b>11,627</b>

These financial statements on pages 9 to 37 were approved by the board of directors on 31 October 2016 and were signed on its behalf by:

P Aylward  
 Director

Company number: 03360919



**Consolidated Statement of Changes in Equity**  
*for the year ended 31 December 2015*

	Share Capital	Share Premium	Capital Redemption Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000
At 1 January 2014	1	1,046	10	(1,860)	(803)
Profit for the year	-	--	-	408	408
Other comprehensive income/(expense)	-	-	-	(1,139)	(1,139)
At 31 December 2014	1	1,046	10	(2,591)	(1,534)
Profit for the year		-	-	211	211
Other comprehensive income		-	-	134	134
At 31 December 2015	1	1,046	10	(2,246)	(1,189)

**Company Statement of Changes in Equity**  
*for the year ended 31 December 2015*

	Share Capital	Share Premium	Capital Redemption Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000
At 1 January 2014	1	1,046	10	1,102	2,159
Loss for the year	-	-	-	(189)	(189)
At 31 December 2014	1	1,046	10	913	1,970
Loss for the year	-	-	-	(200)	(200)
At 31 December 2015	1	1,046	10	713	(1,770)

**Consolidated Statement of Cash Flows**  
*for the year ended 31 December 2015*

	Note	2015 £'000	2014 £'000
<b>Operating activities</b>			
Cash generated from operations		1,123	3,348
Income tax paid		-	-
Net cash generated from operating activities	22	1,123	3,348
<b>Investing activities</b>			
Purchases of property, plant and equipment		(99)	(105)
Purchase of intangible assets		(1,110)	(1,432)
Interest received		-	-
Net cash used in investing activities		(1,209)	(1,537)
<b>Financing activities</b>			
Proceeds from intercompany borrowings		-	2,904
Repayment of intercompany borrowings		-	(4,227)
Repayment of bank loans		(55)	(158)
Interest paid		(122)	(134)
Net cash used in financing activities		(177)	(1,615)
Net (decrease)/increase in cash and cash equivalents		(263)	196
Cash and cash equivalent at beginning of year		625	429
<b>Cash and cash equivalents at end of year</b>		<b>362</b>	<b>625</b>



## **Notes (forming part of the financial statements)**

### **1 Principal accounting policies**

#### **General information**

The company is a holding company with a directly owned subsidiary Metric Group Limited and an indirect subsidiary Metric Group Inc.

The principal activity of the subsidiaries is the design, manufacture, supply and service of ticket issuing, ticket validating, fare collection, barrier entry, paper handling and coin counting/sorting machines and related component/equipment. The subsidiaries also design and supply computer software and access control equipment.

The company is a private company incorporated in the United Kingdom. Its registered address is Metric House, Westmead Drive, Swindon, SN5 7AD.

#### **Basis of preparation**

This is the first time that the group has prepared consolidated financial statements.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standard as adopted by the European Union "IFRS" and interpretations issued by the IFRS Interpretations Committee (IFRS IC), and the Companies Act 2006, as applicable to companies applying IFRS.

The company's individual financial statements have been prepared in compliance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS101") and the Companies Act 2006.

The company has adopted FRS101 for the first time, having previously prepared financial statements in accordance with UK GAAP. Details of the impact of transition to FRS 101 are set out in note 25.

The accounting policies set out below have been consistently applied to all the years presented unless otherwise stated. They have been prepared under the historical cost convention, and on a going concern basis.

The preparation of financial statements in conformity with IFRS and FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

#### **Going Concern**

The group's business activities, together with the factors likely to affect its future development and position, are set out in the business review section of the strategic report on page 2.

The group is expected to generate positive cash flows for the foreseeable future. Although the company's immediate parent company has been placed into administration, as discussed in the directors' report, the group is financed by loans from its ultimate parent, Droege International Group AG.

On 5 October 2016, the company was acquired by Tri Star Security PTE Limited, who have pledged to provide sufficient funding to allow the company to repay the loans to Droege International Group and provide adequate working capital to fund the company's operating activities for the foreseeable future. Accordingly the director believes it is appropriate to prepare the financial statements on a going concern basis.

## **Notes (forming part of the financial statements)**

### **1 Principal accounting policies (continued)**

#### **Exemptions- individual company financial statements**

The following exemptions from the requirements of IFRS have been applied in the preparation of the company financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows)
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 40A-D (requirements for a third statement of financial position
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

#### **Turnover**

Turnover represents amounts derived from the supply and maintenance of parking pay-and-display and pay-on-foot equipment and cash handling machines falling within the company's ordinary activities excluding sales taxes. Turnover from supply of goods is recognised on despatch. Revenue from supply of service is spread evenly over the period of the related service contract.

**Notes (forming part of the financial statements)**

**1 Principal accounting policies (continued)**

***Tangible fixed assets and depreciation***

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Short leasehold property and improvements	Over the term of the lease
Fixtures, fittings, tools and equipment	10% - 33.3% per annum

***Intangible fixed assets***

Intangible assets comprise patents and accreditations, trademarks, acquired customer contracts, software licences and internal product development costs. They are recognised initially at cost and are subsequently amortised over their expected useful economic lives. Where their useful economic lives are determined to be indefinite, an annual impairment review is performed.

Product development costs are only capitalised when they relate to a discrete project where there is a reasonable expectation that the product is commercially viable and will generate future economic benefit. All other research and development costs are expensed as incurred.

The expected useful economic lives used for amortisation periods are as follows

Future fleet trademark and customer contracts	Indefinite life
Patents and accreditations	5 years
Software licences	5 years
Product development costs	4 years

***Investments***

Investments in subsidiary undertakings are stated at cost less provision for impairment.

***Impairment testing***

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's net realisable value and value-in-use.

***Stocks***

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the average cost method is used. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

***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 rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

**Notes (forming part of the financial statements)**

**1 Principal accounting policies (continued)**

***Post-retirement benefits***

The group operates a defined benefit scheme for service up to 30 June 1992 and defined contribution schemes for service thereafter.

The defined benefit pension liability is recognised in the balance sheet based on the fair value of the benefit obligation less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised through the statement of total recognised gains and losses in the period in which they arise.

For defined contribution plans a liability is only recognised when the company has guaranteed a minimum benefit. Otherwise, contributions are recognised as an expense when they are due.

***Leased assets***

Assets held under finance leases, which are those leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are recorded in the balance sheet as tangible fixed assets. Depreciation is provided on these assets over their estimated useful lives or lease term, as appropriate.

Future obligations under finance leases and hire purchase contracts are included in creditors, net of finance charges. Payments are apportioned between the finance element, which is charged to the profit and loss account as interest, and the capital element, which reduces the outstanding obligations. The finance charges are calculated in relation to the reducing amount of obligations outstanding and are charged to the profit and loss account on the same basis.

All other leases are operating leases and the rental charges are taken to the profit and loss account on a straight line basis over the life of the lease.

***Taxation***

The charge for taxation is based on the result 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 recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent it is deemed more likely than not that they will be realised.

***New Accounting Standards not yet adopted***

The group has prepared consolidated financial statements under IFRS for the first time and has applied all relevant standards as summarised within this note 1.

A number of new accounting standards issued by the IASB, but which are not yet effective have not been early adopted by the Group. These include:

- IFRS 9 "Financial instruments".
- IFRS 15 "Revenue from contracts with customers".
- IFRS 16 "Leases".

The potential impact of these standards has not yet been assessed.

**Notes (forming part of the financial statements)**

**2 Critical Accounting Estimates and Judgments**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**(i) Useful economic lives of intangible and tangible assets**

The director is required to assess the appropriate useful economic lives of intangible and tangible fixed assets. The rates used are given in note 1 but the actual economic lives of assets may vary from these estimates and could be subject to revision in future periods.

The director has assessed the Future Fleet trademark and related contracts to have an indefinite life. In forming this view, the director has considered the perpetual nature of the contract and the longevity of other similar products sold by the group.

Other product development costs are amortised over a period of 4 years. Although the group's products typically have a much longer economic life than this, the director believes that this is the typical period over which a majority of sales will arise prior to the next generation product being developed.

**(ii) Defined benefit pension scheme**

The group has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 19 for the disclosures relating to the defined benefit pension scheme.

**(iii) Inventory valuation**

The long lived nature of the group's products mean that the group has to keep spare parts and equipment for many years, to service older generation machines still in use by customers. It is therefore inherently difficult to estimate the level of obsolescence and hence the recoverable value of this stock. The company makes a provision for such slow moving stock on a sliding scale basis that increases with the age of stock, with all stock typically being fully written off after 10 years.

Other stock provisions are made for items where the directors believe there is a greater risk of obsolescence or where the product has become discontinued.

**(iv) Deferred tax asset recognition**

Metric Group Inc has significant unutilised tax losses carried forward. The director has assessed the level of taxable profits that the business expects to make prior to the tax losses expiring and has recognised a deferred tax asset only for the portion of losses expected to be utilised. See note 9 for further details.

**Notes (forming part of the financial statements)**

**3 Turnover**

In the opinion of the director, the group has only one class of business, as described in note 1.

An analysis of turnover by geographical destination is as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	<b>16,358</b>	13,541
Mainland Europe	<b>1,291</b>	1,248
Rest of world	<b>887</b>	1,637
	<b>18,536</b>	16,426

**4 Staff numbers and costs**

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

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
Direct labour	<b>86</b>	86
Marketing and administration	<b>81</b>	85
	<b>167</b>	171

The aggregate payroll costs of these persons were as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	<b>5,156</b>	4,624
Social security costs	<b>523</b>	462
Other pension costs	<b>203</b>	182
	<b>5,882</b>	5,268

**Notes (forming part of the financial statements)**

**5 Remuneration of directors**

	2015	2014
	£'000	£'000
Director's emoluments	278	224
Amounts paid to third parties in respect of director's services	-	25
Company contributions to pension schemes	10	11
	288	260

The fees in respect of director's services in 2014 represent amounts paid to Wrekin Removals in respect of Mr WS Laurie.

The aggregate emoluments of the highest paid director were £169,974 (2014: £129,272) and company pension contributions of £5,816 (2014: £6,750) 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	2	2

**6 Other interest receivable and similar income**

	Group	
	2015	2014
	£'000	£'000
Other interest receivable	1	3
Net exchange gains on foreign currency loans	293	209
	294	212

**7 Interest payable and similar charges**

	Group	
	2015	2014
	£'000	£'000
On bank loans and overdrafts	19	24
Payable to group undertakings	103	110
	122	134

**Notes (forming part of the financial statements)**

**8 Profit on ordinary activities before taxation**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation and amortisation of owned tangible fixed assets	<b>165</b>	154
Amortisation of intangible fixed assets	<b>857</b>	828
<i>Auditor's remuneration:</i>		
Audit of these financial statements	<b>50</b>	50
Other services relating to taxation	<b>19</b>	15
Hire of plant and machinery	<b>360</b>	339
Hire of buildings	<b>273</b>	273
Hire of other assets	<b>10</b>	17

**9 Tax on profit on ordinary activities**

*Tax expense included in profit or loss*

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<i>Current tax:</i>		
UK Corporation tax at 20.25% (2014: 21.5%)	<b>140</b>	-
<i>Deferred tax:</i>		
Current year (credit)/charge	<b>(8)</b>	10
Impact of change in tax rate	<b>34</b>	(10)
Adjustment in respect of prior years	<b>31</b>	(20)
<b>Total deferred tax</b>	<b>57</b>	(20)
<b>Tax charge/(credit) on profit on ordinary activities</b>	<b>197</b>	(20)

*Tax expense (income) included in other comprehensive income*

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<i>Deferred tax</i>		
- Origination and reversal of timing differences	<b>203</b>	(208)
- Impact of change in tax rate	<b>(41)</b>	(53)
<b>Total tax expense included in other comprehensive income</b>	<b>162</b>	(261)



**Notes (forming part of the financial statements)**

**9 Tax on profit on ordinary activities (Continued)**

***Factors that affect the total tax charge***

The tax assessed for the year is higher (2014: lower) than the standard effective rate of corporation tax in the UK for the year of 20.25% (2014: 21.5%). The differences are explained by:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Profit on ordinary activities before taxation</b>	<b>408</b>	<b>388</b>
Profit on ordinary activities multiplied by standard rate in the UK 20.25% (2014: 21.5%)	<b>83</b>	<b>79</b>
Effects of:		
Expenses not deductible for tax purposes	<b>8</b>	<b>26</b>
Adjustment in respect of prior years	<b>31</b>	<b>(20)</b>
Changes in tax rates	<b>34</b>	<b>(10)</b>
Unrecognised tax losses	<b>41</b>	<b>-</b>
Deferred tax asset not previously recognised	<b>-</b>	<b>(95)</b>
<b>Tax charge / (credit) for the year</b>	<b>197</b>	<b>(20)</b>

***Factors that may affect future current and total tax charges***

During the year the main corporation tax rate was reduced from 21% to 20% which became effective from 1 April 2015. Hence corporation tax for the year has been measured at 20.25%.

Changes to reduce the UK Corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 were substantively enacted on 21 October 2015 and are reflected in these financial statements.

A further change to the UK Corporation tax rate was announced in the Chancellor's budget on 16 March 2016 to reduce the main rate to 17% from 1 April 2020. As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

**Notes (forming part of the financial statements)**

**9 Tax on profit on ordinary activities (Continued)**

**Deferred taxation**

The elements of deferred taxation are as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Difference between accumulated depreciation and amortisation and capital allowances	85	(267)
Other timing differences	34	31
Tax losses	575	914
Pension scheme timing differences	1,275	1,510
<b>Total deferred tax asset</b>	<b>1,969</b>	<b>2,188</b>

A deferred tax asset of £1,969,000 (2014: £2,188,000) has been recognised based on forecasts and projections prepared by management which show there is reasonable certainty that the group will generate sufficient taxable profits for this asset to be recovered.

Metric Group Inc has total tax losses carried forward in the US of approximately £3.6 million. The directors have made an assessment of the level of taxable profits that will be generated prior to the tax losses expiring and have recognised a deferred tax asset for £575,000 included above.

**Analysis of movement in deferred tax asset**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Deferred tax asset at start of year	2,188	1,907
Credit/(Charge) to profit and loss account for the year	(57)	20
Credit/(Charge) to other comprehensive income for the year	(162)	261
<b>Deferred tax asset at end of year</b>	<b>1,969</b>	<b>2,188</b>

**Notes (forming part of the financial statements)**

**10 Property, Plant and Equipment**

Group	Short leasehold property improvements	Fixtures, fittings tools and equipment	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 January 2014	721	2,905	3,626
Additions	-	106	106
Disposals	-	(1)	(1)
At 31 December 2014	721	3,010	3,731
Additions	-	99	99
At 31 December 2015	721	3,109	3,830
<b>Accumulated Depreciation</b>			
At January 2014	468	2,608	3,076
Charge for the year	43	111	154
At 31 December 2014	511	2,719	3,230
Charge for the year	43	122	165
At 31 December 2015	554	2,841	3,395
<b>Net book amount</b>			
At 31 December 2015	167	268	435
At 31 December 2014	210	291	501
At 1 January 2014	253	297	550

**Notes (forming part of the financial statements)**

**11 Intangible assets**

Group	Future Fleet trademark and contract	Patents & Accreditations	Software licences	Development expenditure	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 January 2014	-	352	204	2,267	2,823
Additions	520	24	136	753	1,433
At 1 January 2015	520	376	340	3,020	4,256
Additions	-	5	41	1,064	1,110
<b>At 31 December 2015</b>	<b>520</b>	<b>381</b>	<b>381</b>	<b>4,084</b>	<b>5,366</b>
<b>Accumulated amortisation &amp; impairment</b>					
At 1 January 2014	-	292	74	441	807
Charge for the year	-	29	62	737	828
At 31 December 2014	-	321	136	1,178	1,635
Charge for the year	-	26	76	755	857
<b>At 31 December 2015</b>	<b>-</b>	<b>347</b>	<b>212</b>	<b>1,933</b>	<b>2,492</b>
<b>Net book amount</b>					
<b>At 31 December 2015</b>	<b>520</b>	<b>34</b>	<b>169</b>	<b>2,151</b>	<b>2,874</b>
At 31 December 2014	520	55	204	1,842	2,621
At 1 January 2014	-	60	130	1,826	2,016

**Notes (forming part of the financial statements)**

**12 Investments in subsidiaries- Company**

	Share in subsidiary undertakings £'000
<b>Cost</b>	
At beginning and end of year	11,627
<b>Provision</b>	
At beginning and end of year	-
<b>Net book value</b>	
At 31 December 2015 and 31 December 2014	11,627

At 31 December 2015, the company had the following subsidiary undertakings.

	Class of share	Country of incorporation and registration	Activity
<b>Direct subsidiary undertaking</b>			
Metric Group Limited	Ordinary	UK	Manufacture and supply of parking ticket machines
<b>Indirect subsidiary undertaking</b>			
Metric Group Inc	Ordinary	USA	Supply of parking ticket machines

**13 Inventory**

	Group		
	2015	2014	2013
	£'000	£'000	£'000
Raw materials and consumables	2,522	2,108	2,581
Work in progress	554	794	558
Finished goods and goods for resale	570	1,379	1,081
	3,646	4,281	4,220

Inventory is stated net of provisions of £1,902,000 (2014: £1,805,000, 2013: £1,365,000). The level of provision charged to the consolidated income statement during the year was £97,000 (2014: £440,000).

**Notes (forming part of the financial statements)**

**14 Trade and other receivables - current**

	<b>Group</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Due within one year</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	2,558	2,791	3,303
Amounts owed by group undertaking	403	192	332
Prepayments and accrued income	149	254	343
	<b>3,110</b>	<b>3,237</b>	<b>3,978</b>

**15 Bank loans and overdrafts**

Bank loans represents amounts drawn under an invoice discounting facility that is secured against the trade receivables of Metric Group Limited.

**16 Trade and other payables - current**

	<b>Group</b>			<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade creditors	812	1,162	1,059	-	-
Amounts owed to group undertakings	466	950	-	200	189
Loans owed to group undertakings	515	516	-	-	-
Other taxation and social security	654	548	493	-	-
Accruals and deferred income	1,377	1,491	1,106	-	-
	<b>3,824</b>	<b>4,667</b>	<b>2,658</b>	<b>200</b>	<b>189</b>

The Group loan to group undertakings is due for repayment in December 2016 and attracts interest at a rate linked to LIBOR.

**Notes (forming part of the financial statements)**

**17 Loans and other payables – non current**

	Group			Company	
	2015	2014	2013	2015	2014
	£'000	£'000	£'000	£'000	£'000
Amounts owed to group undertakings	2,215	2,389	4,401	9,657	9,468

Amounts owed to group undertakings by the Group represents a €3m secured loan at an interest rate of 3.5% due for repayment in December 2017.

Amounts owed to group undertakings by the Company represents a loan from its subsidiary, Metric Group Limited which has no fixed repayment date but is viewed as long term in nature.

**18 Called up share capital**

	Group & Company		
	2015	2014	2013
	£'000	£'000	£'000
<i>Allotted, called up and fully paid:</i>			
73,029 (2014: 73,029) ordinary shares of 1p each	1	1	1

**19 Pension schemes**

The group operates a defined benefit scheme for service up to 30 June 1992 and defined contribution schemes for service thereafter. The pension cost charge for the year represents contributions payable by the company to the defined contribution scheme and amounted to £202,850 (2014: £178,765).

Contributions amounting to £23,221 (2014: £22,232) were payable to the scheme and are included in creditors at the year end.

**Defined benefit scheme information**

The figures below relate to the Metric Group Pension Fund which is a closed final salary scheme operated by the company. The scheme has ceased new defined benefit accrual. The group made contributions to the scheme of £360,000 over the year ended 31 December 2015 (2014: £360,000). The information below also includes any liabilities arising from the Guaranteed Minimum Pension commitment given for a portion of the defined contribution scheme.

The key assumptions underlying the valuation are set out below. The key risks to the group arise from

- (i) asset value volatility – the scheme is predominantly invested in equity securities
- (ii) bond yields – a reduction in yields has the effect of increasing the value of the scheme's liabilities
- (iii) inflation risk – the pension liabilities are linked to inflation and therefore higher rates of inflation will increase the scheme liabilities
- (iv) life expectancy – an increase in the life expectancy of scheme members will increase the value of the scheme's liabilities

A comprehensive actuarial valuation of the group pension scheme, using the projected unit basis, was carried out at 31 December 2015 by Hughes Price Walker Limited, independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

**Notes (forming part of the financial statements)**

**19 Pension schemes (continued)**

	2015	2014
	%	%
Discount rate	3.80	3.50
Future salary increases	-	-
Future pension increases	3.00	3.00
Inflation:		
RPI	3.20	3.20
CPI	2.20	2.20

In valuing the liabilities of the fund at the year end the PA 92 Year of Birth mortality tables with medium cohort adjustment have been used. The weighted average duration of scheme liabilities is approximately 15 years.

**Movements in scheme asset and liabilities during the year**

	Assets	Liabilities	Net deficit
	£'000	£'000	£'000
Opening defined benefit obligation *	7,135	14,686	7,551
Interest income / cost	246	504	258
Actuarial (gain)/loss	(254)	(648)	(394)
Benefits paid	(557)	(557)	-
Contributions by employer	360	-	(360)
Administration expenses	(26)	-	26
Closing defined benefit obligation	6,904	13,985	7,081

\*The opening position has been restated to include insured pensioners that were previously excluded from the disclosure. The inclusion of these pensioners has added £592,000 to gross assets and liabilities but has no impact on the net deficit.

**Expense recognised in the consolidated income statement**

	2015	2014
	£'000	£'000
Service cost	-	-
Administration expenses	26	26
Net interest expense	258	270
	284	296

The total amount recognised within other comprehensive income in respect of actuarial gains and losses is a gain of £394,000 (2014: loss of £1,309,000)



**Notes (forming part of the financial statements)**

**19 Pension schemes (continued)**

The fair value of the plan assets were as follows:

	2015	2014
	£'000	£'000
Equities and structured investments	3,358	3,369
Gilts	99	247
Bonds	1,105	771
Absolute return	305	198
Property	205	155
Other assets, cash, etc.	130	666
Annuities	566	592
Individual member funds of 1992-97 DC section	1,136	1,137
<b>Total</b>	<b>6,904</b>	<b>7,135</b>

The return on plan assets was

	2015	2014
	£'000	£'000
Interest income	246	321
Measurement changes	-	-
<b>Total return on assets</b>	<b>246</b>	<b>321</b>

The sensitivity of the defined benefit obligation to changes in the principal assumptions are as follows. These sensitivity analysis area based on a change in each assumption in isolation, with other assumptions held constant. In practice this is unlikely to occur and changes in some assumptions may be correlated.

	Change in assumption	Approximate Increase in Obligation £000
Discount rate	0.10% pa lower	200
Rate of mortality	Long term mortality improvement by 0.5%	325

**Notes (forming part of the financial statements)**

**20 Financial risk management**

The group's operations expose it to a variety of financial risks that include credit risk, liquidity risk, interest rate risk and foreign exchange risk. The group has specific policies and procedures to manage those risks that are set by the Board and implemented by the finance department. The group does not use derivative financial instruments to manage these risks.

The group and company have the following financial assets and liabilities

	<b>Group</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Financial assets measured at amortised cost:			
- Cash and cash equivalents	362	625	429
- Trade and other receivables	2,558	2,791	3,303
- Amounts owed by group undertakings	403	192	332
	<b>3,323</b>	<b>3,608</b>	<b>4,064</b>
Financial liabilities measured at amortised cost:			
- Bank loans and overdrafts	325	380	538
- Trade and other creditors	812	1,162	1,059
- Loans from group undertakings	2,730	2,905	4,401
- Other amounts due to group undertakings	466	950	-
	<b>4,333</b>	<b>5,397</b>	<b>5,998</b>

The group has no financial assets or liabilities measured at fair value through profit and loss.

The risks associated with these financial assets and liabilities are discussed below.

*i) Credit risk*

Credit risk arises from cash and cash equivalent balances, as well as balances due from customers and loans and other balances with other group undertakings. Cash and cash equivalents are held with The group has policies to ensure that appropriate credit checks are undertaken on all new potential customers. Periodic reviews of credit terms are undertaken depending on changes in trading relationships and other relevant information.

Cash and cash equivalents are only held at UK High street banks with high quality credit ratings, and therefore level of exposure is thought to be minimal. Amounts owed to group undertakings are also not deemed to be impaired. Trade and other receivables can be analysed as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Trade and other receivables		
- Not past due, no impairment	1,709	2,049
- Past due but not impaired	849	742
- Past due and impaired	177	213
	<b>2,735</b>	<b>2,888</b>

**Notes (forming part of the financial statements)**

**20 Financial risk management (continued)**

The ageing of past due trade and other receivables is as follows:

	2015		2014	
	Not impaired	Impaired	Not impaired	Impaired
	£'000	£'000	£'000	£'000
Up to 3 months	2,779	-	2,268	-
3+ months	379	177	523	213

Movements in the group's provision for bad debts are as follows:

	2015	2014
	£'000	£'000
At 1 January	213	136
- Addition provision charged	-	148
- Receivables written off in the year	(15)	(14)
- Unused amounts released	(21)	(57)
At 31 December	177	213

ii) *Liquidity risk*

The group is cash generative at an operating cash flow level, and benefits from a loan facility provided by its ultimate parent company. It also uses a invoice discounting facility to fund short term working capital requirements. The maturity of financial liabilities is as follows:

	Less than 3 months	Between 3 months and 1 year	Between 1-2 years
	£'000	£'000	£'000
<b>At 31 December 2015</b>			
Bank loans	325	-	-
Trade and other payables	812	-	-
Loans from group undertakings	-	515	2,215
Other amounts due to group undertakings	466	-	-
	1,603	515	2,215
<b>At 31 December 2014</b>			
Bank loans	380	-	-
Trade and other payables	1,162	-	-
Loans from group undertakings	-	516	2,389
Other amounts due to group undertakings	950	-	-
	2,492	516	2,389

**Notes (forming part of the financial statements)**

**20 Financial risk management (continued)**

*iii) Interest rate risk*

The group has an invoice discounting facility and intergroup borrowings that attract a variable interest rate. Intercompany loan receivables are also generally at a variable interest rate. The company is therefore exposed to changes in market interest rates, but the impact on profit of a 1% change in interest rates would not be material.

*iv) Foreign exchange risk*

The company purchases some goods in foreign currency and has intercompany loan balances denominated in foreign currencies and therefore is exposed to foreign exchange risk. Financial assets and liabilities held in foreign currencies are as follows:

	2015	2014
	£'000	£'000
<b>Financial assets</b>		
UK pound	2,704	2,513
Euro	164	319
US Dollar	455	776
	<b>3,323</b>	<b>3,608</b>
	2015	2014
	£'000	£'000
<b>Financial liabilities</b>		
UK pound	727	2,281
Euro	3,582	3,091
US Dollar	24	25
	<b>4,333</b>	<b>5,397</b>

**Notes (forming part of the financial statements)**

**21 Commitments**

Capital expenditure contracted for but not provided was £nil (2014: £Nil).

At 31 December, the group had total commitments under non-cancellable operating leases as follows:

	2015		2014	
	Land and Buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	273	277	273	230
Between two and five years	774	423	1,047	700
After more than five years	-	-	-	-
	1,047	700	1,320	930

At 31 December, the group had commitments of £40,000 to HMRC in respect of deferred VAT.

In addition to the above, Metric Group Inc had potential lease commitments totally \$228,000 (2014: £456,000) in respect of a property lease. This lease was exited in 2016 at a cost of \$57,000, and hence no obligation now remains.

**22 Reconciliation of Operating Cash Flows**

	2015	2014
	£000	£000
Operating profit	494	580
Add back		
- Depreciation	165	154
- Amortisation	857	828
Movements in		
- Inventory	635	(62)
- Trade and other receivables	149	688
- Trade and other payables	(843)	1,494
- Pension obligations	(334)	(334)
	1,123	3,348

**Notes (forming part of the financial statements)**

**23 Ultimate holding company**

The company's immediate holding company at 31 December 2015 was Metric Mobility Solutions AG, a company incorporated in Germany. Up until 5 October 2016 the ultimate holding company (which is also the ultimate controlling party) was Droege International Group AG, a company incorporated in Germany.

The smallest group in which the results of the company are consolidated is that headed by Metric Mobility Solutions AG. The consolidated financial statements of Metric Mobility Solutions AG are available to the public and may be obtained from Metric Mobility Solutions AG, Rotenburger Straße 20-D-30659, Hannover.

The largest group in which the results of the company are consolidated is that headed by Droege International Group AG. The consolidated financial statements of Droege International Group AG are available to the public and may be obtained from Droege International Group AG, Poststrasse 5-6, 40213 Düsseldorf, Germany.

On 5 October 2016, the company was acquired by Tri Star Security PTE Limited. From that date, the ultimate parent company is Dutech Holdings Limited by a company incorporated in China and listed on the Singapore Stock Exchange.

**24 Related Party Transactions**

**Group**

The Group had transactions in the normal course of business with Metric Mobility Solutions AG and other related group companies. This included sales to other Droege group companies of £ 160,000 (2014: £995,000) and purchases from group companies of £705,000 (2014: £186,000). Balances outstanding at year end are shown in notes 15 and 17.

Remuneration of key management personnel during the year amounted to £583,000(2014: £555,000)

**Company**

The company has taken advantage of the exemption within FRS 101 from disclosing transactions between the company and other member of the Metric Group Holdings Limited group that eliminate on consolidation.

**25 Transition to FRS 101- Company individual financial statements**

This is the first year that the company has presented its results under FRS 101. The last financial statements under the UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 101 was 1 January 2014. The adoption of FRS101 had no impact on the Company's profit for the year ended 31 December 2014 or on net assets at 31 December 2014 or 1 January 2014.