

Registered No:  
03763419

# **Specialised Management Services Limited**

## **Annual Report and Financial Statements**

For the year ended 30 September 2015

SATURDAY



\*A53L1GSP\*

A13

26/03/2016

#58

COMPANIES HOUSE

Registered No: 03763419

## **Officers and advisors**

### **Directors**

A J V Shepherd  
E Culyer  
D Howlett  
A Mansfield  
G Morrow

### **Company Secretary**

A Mansfield

### **Independent Auditor**

Deloitte LLP  
Bristol

### **Bankers**

Lloyds Bank plc  
40 High Street  
Chipping Sodbury  
Bristol  
BS37 6AW

### **Registered office**

Alderley House  
Arnolds Field Estate  
The Downs  
Wickwar  
Wotton under Edge  
Gloucestershire  
GL12 8JD

## Strategic report (continued)

### Principal activities, business review and future developments

Specialised Management Services Limited's ("SMS") principal activities are:

- The design, assembly, testing, maintenance, installation and commissioning of hydraulic, pneumatic and electrical control systems for oil and gas industry applications both on and off-shore;
- The flushing and pressure testing of hydraulic systems;
- The manufacture, testing and supply of hydraulic hose assemblies; and
- The refurbishment and calibration of pressure gauges and temperature and pressure operated valves.
- The inspection, remedial works and re-certification of hazardous area equipment

The turnover of the company increased by 16.8% to £16,219,315. Total operating profit increased by £286,697 from £1,746,385 in the previous financial year to a profit of £2,033,082. The profit before tax was £2,033,134 in the year compared with a profit before tax of £1,746,264 in 2014.

The company's main office is in Great Yarmouth. Due to the growth of the business SMS has invested in a new custom built facility, comprising 1,000m<sup>2</sup> office and 1,800m<sup>2</sup> workshop space, on the Beacon Park development in Great Yarmouth only a few miles from the old facility. This was completed in the final quarter of calendar year 2015 and will allow further expansion of the business.

The company currently has a strong order book which will carry it into the second half of the year ending 30 September 2016. This, combined with its maintenance and international work, will enable the company to develop the business in the current economic climate within the oil and gas industry.

The company has retained its accreditation to Investors In People in the year. It has also maintained its ISO 9001, ISO 14001, OHSAS 18001 accreditations and FPAL registration.

The key financial and other performance indicators during the year were:

	2015	2014	Change
	£	£	
Turnover	16,219,315	13,888,991	17%
Operating profit	2,033,082	1,746,385	16%
Profit before tax	2,033,134	1,746,264	16%
Shareholders' funds	5,148,555	3,647,538	41%
Number of employees	103	87	18%

## Strategic report (continued)

### Principal risks and uncertainties

The principal financial risks to which the company is exposed are those relating to foreign currency, credit risk and interest rates. These risks are managed in accordance with Board approved policies.

#### *Foreign currency risk*

It is company policy that exposures resulting from sales and purchases in foreign currency are matched where possible, and the net exposure may be hedged by the use of forward exchange contracts. The company does not undertake speculative foreign exchange dealings for which there is no underlying exposure.

#### *Credit risk*

Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are carried out on all customers requiring credit and, where appropriate, the company endeavours to minimise risk by the use of trade finance instruments such as letters of credit and insurance. At the balance sheet date there were no significant concentrations of credit risk.

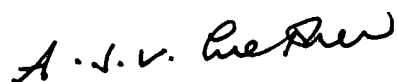
#### *Interest rate risk*

The company is exposed to a moderate level of interest risk as a result of its overdraft facility. The risk is moderated by ensuring cash is appropriately managed to reduce the requirement for both finance leases and overdraft. In negotiating for such facilities the company also seeks to receive competitive interest rates. The company does not undertake any hedging activity in this area.

#### *Operational risk*

The principal operational risk faced by the company is the company's exposure to the contingent liabilities as disclosed in note 18. The company has implemented appropriate quality control procedures to mitigate the risk that these amounts will become payable.

Approved by the Board and signed on its behalf by



A J V Shepherd

Director

21 March 2016

## Directors' report

The directors present their annual report and audited financial statements for the year ended 30 September 2015.

The directors have chosen, in accordance with section 414C(11) of the Companies Act 2006, to set out in the company's strategic report information required by Schedule 7 to the Accounting Regulations to be contained in the directors' report. This information includes future developments of the group and the risks associated with the use of financial instruments.

### Results and dividends

The profit for the year, after taxation, amounted to £1,501,017 (2014: £1,469,233). The directors declared a final dividend of £2,600,000 (£5.414 per ordinary share) on 6 November 2015. This was paid on 26 November 2015 (2014: £nil).

### Directors

The directors who served the company during the year and to the date of this report were as follows:

A J V Shepherd  
E Culyer  
D Howlett  
A Mansfield  
G Morrow

### Going concern

The company's banking facilities are operated through a facility led by the ultimate parent company, Alderley plc, and provided by Lloyds Bank plc ("Lloyds"). Under this facility the company's assets are collateralised as security along with the assets of Alderley plc and its other subsidiaries ("the group") in a group wide bank facility (refer to note 18). Consequently the ability of the company to continue as a going concern is dependent on the overall UK group's financial condition and performance.

The directors of the company have prepared trading projections through to the period ending March 2017 which indicate continuing profitability for the company. The company's trading projections have been aggregated with those of the other group entities to establish a combined projected funding requirement through the going concern foresight period. These forecasts take account of certain sensitivities, including possible changes in trading performance, and show that the group and company will be able to successfully operate at and within the level of the current banking facility.

Consequently the directors have prepared these financial statements on a going concern basis.

### Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such a qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

## Directors' report (continued)

### Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and

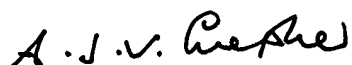
the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### Auditor

A resolution to reappoint Deloitte LLP as auditor will be proposed in accordance with s485 of the Companies Act 2006.

Approved by the Board and signed on its behalf by



A J V Shepherd  
Director

21 March 2016

## Directors' responsibilities statement

The directors are responsible 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 then apply them consistently;
- make judgments 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.

# **Independent auditor's report**

## **to the members of Specialised Management Services Limited**

We have audited the financial statements of Specialised Management Services Limited for the year ended 30 September 2015 which comprise the Profit and loss account, the Balance sheet and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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.

### **Respective responsibilities of directors and auditor**

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

### **Scope of the audit of the financial statements**

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 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. 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.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2015 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.

### **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.



# Independent auditor's report

to the members of Specialised Management Services Limited (continued)

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Andrew Wright*

Andrew Wright FCA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Bristol, United Kingdom

21 March 2016

## Profit and loss account

for the year ended 30 September 2015

		2015	2014
	Notes	£	£
<b>Turnover</b>	2	16,219,315	13,888,991
Operating costs	3	(14,195,905)	(12,178,969)
Other operating income		9,672	36,363
<b>Operating profit</b>	4	2,033,082	1,746,385
Interest receivable and similar income		73	152
Interest payable and similar charges	7	(21)	(273)
<b>Profit on ordinary activities before taxation</b>		2,033,134	1,746,264
Tax on profit on ordinary activities	8	(532,117)	(277,031)
<b>Profit for the financial year</b>	22	1,501,017	1,469,233

All of the activities of the company at the current year end are classed as continuing.

There were no recognised gains or losses in the current or prior year other than the profit for the financial year as detailed above.

## Balance sheet

as at 30 September 2015

	Notes	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	9	2,261,166	130,672
Investments	10	65,000	65,000
		<u>2,326,166</u>	<u>195,672</u>
<b>Current assets</b>			
Stocks	11	38,835	47,456
Debtors: amounts receivable within one year	12	5,714,860	5,280,957
Debtors: amounts receivable after more than one year	13	14,000	14,000
Cash in hand		826,210	2,278,910
		<u>6,593,905</u>	<u>7,621,323</u>
<b>Creditors:</b> amounts falling due within one year	14	(3,676,671)	(4,169,457)
<b>Net current assets</b>		<u>2,917,234</u>	<u>3,451,866</u>
<b>Total assets less current liabilities</b>		<u>5,243,400</u>	<u>3,647,538</u>
Provisions for liabilities	16	(94,845)	-
		<u>5,148,555</u>	<u>3,647,538</u>
<b>Capital and reserves</b>			
Called up share capital	21	480,201	480,201
Profit and loss account	22	4,668,354	3,167,337
<b>Shareholder's funds</b>	22	<u>5,148,555</u>	<u>3,647,538</u>

The financial statements of Specialised Management Services Limited, Registered No. 03763419, were approved by the board of directors and authorised for issue on 21 March 2016



A J V Shepherd  
Director

## Notes to the financial statements

for the year ended 30 September 2015

### 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Generally Accepted Accounting Standards (UK GAAP).

#### **Going concern**

The company's banking facilities are operated through a facility led by the ultimate parent company, Alderley plc, and provided by Lloyds Bank plc ("Lloyds"). Under this facility the company's assets are collateralised as security along with the assets of Alderley plc and its other subsidiaries ("the group") in a group wide bank facility (refer to note 18). Consequently the ability of the company to continue as a going concern is dependent on the overall UK group's financial condition and performance.

The directors of the company have prepared trading projections through to the period ending March 2017 which indicate continued continuing profitability for the company. The company's trading projections have been aggregated with those of the other group entities to establish a combined projected funding requirement through the going concern foresight period. These forecasts take account of certain sensitivities, including possible changes in trading performance, and show that the group and company will be able to successfully operate at and within the level of the current banking facility.

Consequently the directors have prepared these financial statements on a going concern basis.

#### **Consolidation**

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of Alderley plc, which prepares consolidated financial statements that are publicly available. Accordingly, group financial statements have not been prepared and information in the financial statements is presented for the individual company rather than for the group.

#### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, on each asset evenly over its expected useful life as follows:

Leasehold property	-	Over the period of the lease
Plant, machinery and equipment	-	2% per month reducing balance
Fixtures and fittings	-	2% per month reducing balance
Motor vehicles	-	2% per month reducing balance
IT equipment	-	25% per annum straight-line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### **Investments**

All investments are carried at cost less provision for impairment.

## Notes to the financial statements (continued)

for the year ended 30 September 2015

### 1. Accounting policies (continued)

#### ***Stocks and work in progress***

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

#### ***Amounts recoverable on contracts***

Revenue on long-term contracts is recognised by reference to the stage of completion. Revenue recognised in advance of being invoiced is held on the balance sheet as amounts recoverable on contracts. The stage of completion of a contract is determined by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. An estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The costs on long-term contracts not yet taken to the Profit and loss account less related foreseeable losses and payments on account are shown in stocks and long-term contract balances. Costs included on long-term contracts include interest which is specifically attributable to those contracts through contract financing. Where payments are received from customers in advance of services provided the amounts are recorded as deferred income and included as part of creditors due within one year.

#### ***Operating lease commitments***

Rentals payable under operating leases are charged in the Profit and loss account on a straight-line basis over the lease term. Lease incentives are recognised over the shorter of the lease term and the date of the next rent review.

#### ***Revenue recognition***

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

##### *Sale of goods*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of the goods.

##### *Long term contracts*

Revenue on long term contracts is recognised by reference to the stage of completion. The stage of completion of a contract is determined by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

#### ***Pension costs***

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and loss account in the period in which they become payable.

#### ***Taxation***

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or receive more tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## Notes to the financial statements (continued)

for the year ended 30 September 2015

### 1. Accounting policies (continued)

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Balance sheet date or if applicable at the forward contract rate. All differences are taken to the Profit and loss account.

### 2. Turnover

The turnover is attributable to the principal activities of the company. An analysis of geographical turnover is given below:

	2015	2014
	£	£
United Kingdom	12,176,363	13,076,983
Overseas sales - Europe	3,273,691	340,722
Overseas sales - Rest of the World	769,261	471,286
	<u>16,219,315</u>	<u>13,888,991</u>

### 3. Operating costs

	2015	2014
	£	£
Raw materials and consumables	8,822,113	7,400,316
Staff costs (note 5)	4,038,141	3,726,927
Depreciation of fixed assets	43,536	116,182
Other operating charges	1,292,115	935,544
	<u>14,195,905</u>	<u>12,178,969</u>

## Notes to the financial statements (continued)

for the year ended 30 September 2015

### 4. Operating profit

Operating profit is stated after charging:

	2015	2014
	£	£
Depreciation of owned fixed assets	43,536	116,182
Loss on disposal of tangible fixed assets	-	13,035
Auditor's remuneration	20,600	20,000
Operating lease costs – land and buildings	161,027	156,454
– other	32,600	29,377

The remuneration of the auditor is further analysed below:

	2015	2014
	£	£
Audit of the financial statements	20,600	20,000

Tax fees for the group are borne by the parent company Alderley Plc and not recharged

### 5. Staff costs

	2015	2014
	£	£
Wages and salaries	3,564,283	3,304,119
Social security costs	366,005	355,553
Other pension costs	107,853	67,255
	4,038,141	3,726,927

The average monthly number of employees during the year, including directors, was as follows:

	2015	2014
	No.	No.
Administration and management	21	17
Sales and production	82	70
	103	87

## Notes to the financial statements (continued)

for the year ended 30 September 2015

### 6. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2015	2014
	£	£
Aggregate emoluments	322,725	171,979
Value of company pension contributions to money purchase scheme	23,942	17,134
	<u>346,667</u>	<u>189,113</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2015	2014
	No.	No.
Money purchase schemes	3	2
	<u>3</u>	<u>2</u>

The director's aggregate emoluments in respect of qualifying services for the highest paid director were:

	2015	2014
	£	£
Aggregate emoluments	151,338	49,110
Value of company pension contributions to money purchase scheme	14,615	6,135
	<u>165,953</u>	<u>55,245</u>

A management charge, included in other operating charges, was paid to the parent company to cover the services of A J V Shepherd and A Mansfield, as well as centralised overhead costs incurred by the holding company.

### 7. Interest payable and similar charges

	2015	2014
	£	£
Interest payable on bank borrowings	21	273
	<u>21</u>	<u>273</u>



## Notes to the financial statements (continued)

for the year ended 30 September 2015

### 8. Tax

#### (a) Tax on profit on ordinary activities:

	2015 £	2014 £
<i>Current tax:</i>		
UK corporation tax based on the results for the year at 20.5% (2014: 22.0%)	204,604	315,141
Adjustments in respect of previous periods	194,065	983
<b>Total current tax</b>	<b>398,669</b>	<b>316,124</b>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	120,774	(42,213)
Effects of changes in tax rates	(2,938)	3,833
Adjustment in respect of previous periods	15,612	(713)
	133,448	(39,093)
<b>Tax on profit on ordinary activities</b>	<b>532,117</b>	<b>277,031</b>

#### (b) Factors affecting current tax charges:

The tax assessed on the profit on ordinary activities for the year is different to the blended rate of corporation tax in the UK of 20.5% (2014: 22.0%) and the reasons for this are set out in the following reconciliation.

	2015 £	2014 £
Profit on ordinary activities before taxation	2,033,134	1,746,264
Profit on ordinary activities multiplied by blended rate of tax	416,765	384,130
<i>Effects of:</i>		
Expenses not deductible	2,717	15,453
Income not taxable	(20,089)	(21,557)
Differences between capital allowances and depreciation	(100,722)	4,734
Movement in short term timing differences	(20,051)	37,479
Group relief	(74,016)	(105,098)
Adjustments in respect of previous periods	194,065	983
<b>Total current tax (note 8(a))</b>	<b>398,669</b>	<b>316,124</b>

It was substantively enacted at the reporting date that the standard rate of corporation tax in the UK will change to 20% with effect from 1 April 2015. In the budget announcement on 8 July 2015 the chancellor announced a plan to maintain the standard rate of corporation tax at 20% from 1 April 2016.

## Notes to the financial statements (continued)

for the year ended 30 September 2015

### 9. Tangible fixed assets

	<i>Leasehold property</i>	<i>Freehold property</i>	<i>Fixtures and fittings</i>	<i>IT equipment</i>	<i>Plant and machinery</i>	<i>Assets Under Construction</i>	<i>Total</i>
	£	£	£	£	£	£	£
<i>Cost:</i>							
At 1 October 2014	79,792	-	79,596	149,321	323,161	-	631,870
Additions	-	340,266	-	27,254	19,916	1,786,594	2,174,030
Disposals	-	-	-	(4,384)	-	-	(4,384)
Reclassification	-	-	-	-	-	-	-
At 30 September 2015	79,792	340,266	79,596	172,191	343,077	1,785,594	2,801,516
<i>Depreciation:</i>							
At 1 October 2014	79,792	-	78,276	100,129	243,001	-	501,198
Charge for the year	-	-	284	23,639	19,613	-	43,536
Disposals	-	-	-	(4,384)	-	-	(4,384)
At 30 September 2015	79,792	-	78,560	119,384	262,614	-	540,350
<i>Net book value:</i>							
At 30 September 2015	-	340,266	1,036	52,807	80,463	1,786,594	2,261,166
At 30 September 2014	-	-	1,320	49,192	80,160	-	130,672

### 10. Investments

Interest in group undertakings:

£

*Cost:*

At 30 September 2014 and 30 September 2015 315,568

*Amounts written off:*

At 30 September 2014 and 30 September 2015 250,568

*Net book value:*

At 30 September 2014 and 30 September 2015 65,000

The company owns 100% of the ordinary issued equity share capital of a non-trading company, C & M Hydraulics Limited, a company incorporated in England and Wales.

## Notes to the financial statements (continued)

for the year ended 30 September 2015

### 11. Stocks

	2015	2014
	£	£
Raw materials	38,835	47,456

There is no material difference between the balance sheet date value of raw materials and their replacement cost.

### 12. Debtors: amounts receivable within one year

	2015	2014
	£	£
Trade debtors	3,625,849	3,977,832
Amounts recoverable on contracts	1,971,173	1,167,853
Other debtors	22,544	4,622
Deferred tax (note 16)	-	38,603
Corporation tax recoverable	-	15,017
Prepayments and accrued income	95,249	77,030
Amounts owed by associated undertakings	45	-
	<u>5,714,860</u>	<u>5,280,957</u>

### 13. Debtors: amounts receivable after more than one year

	2015	2014
	£	£
Prepayments and accrued income	14,000	14,000
	<u>14,000</u>	<u>14,000</u>

### 14. Creditors: amounts falling due within one year

	2015	2014
	£	£
Payments received on account	151,173	388,972
Trade creditors	1,220,769	1,693,483
Amounts owed to group undertakings	309,097	390,956
Corporation tax	149,836	-
Other taxes and social security	259,718	501,558
Other creditors	18,833	11,311
Accruals and deferred income	1,567,245	1,183,177
	<u>3,676,671</u>	<u>4,169,457</u>

Amounts owed to group undertakings are trading balances and do not bear interest.

## Notes to the financial statements (continued)

for the year ended 30 September 2015

### 15. Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £107,853 (2014: £67,255).

Included within other creditors there were £18,833 contributions unpaid at the year-end (2014: £11,311).

### 16. Deferred taxation

The deferred taxation asset/(liability) included in the Balance sheet is as follows:

	2015 £	2014 £
Included in debtors	-	(38,603)
Included in provisions	(94,985)	-
	<u>          </u>	<u>          </u>

The movement in the deferred taxation (asset)/provision during the year was:

	2015 £	2014 £
(Asset)/provision brought forward	(38,603)	490
Profit and loss account movement arising during the year	117,836	(38,380)
Adjustments in respect of prior periods	15,612	(713)
	<u>          </u>	<u>          </u>
Provision/(asset) carried forward	94,845	(38,603)
	<u>          </u>	<u>          </u>

The deferred taxation liability/(asset) consists of the tax effect of timing differences in respect of:

	2015 £	2014 £
(Decelerated)/accelerated capital allowances	96,750	(1,010)
Other timing differences	(1,905)	(37,593)
	<u>          </u>	<u>          </u>
	94,845	(38,603)
	<u>          </u>	<u>          </u>

## Notes to the financial statements (continued)

for the year ended 30 September 2015

### 17. Financial Commitments

At 30 September 2015 and 30 September 2014 the company had annual commitments under non-cancellable operating leases as set out below:

	2015		2014	
	<i>Land and buildings</i>	<i>Other items</i>	<i>Land and buildings</i>	<i>Other items</i>
	£	£	£	£
<i>Operating leases which expire:</i>				
Less than one year	10,586	8,013	9,360	7,456
Within two to five years	153,736	17,796	151,236	18,852
	<u>164,322</u>	<u>25,809</u>	<u>160,596</u>	<u>26,308</u>

At 30 September 2015 the company had capital commitments, contracted for but not provided, in respect of the new property in Great Yarmouth of £575,359 (2014: £nil)

### 18. Contingencies

Bank overdrafts of the group and company are secured by a fixed and floating charge on the assets of Alderley plc and its subsidiary undertakings ("Alderley group") in favour of Lloyds Bank plc. The group's bank overdraft amounted to £nil at 30 September 2015 (2014: £nil).

Bank overdrafts form part of the wider Alderley group banking facilities which comprise contract financing facilities and related overdrafts held with Lloyds Bank plc secured by:

- An omnibus guarantee and set-off agreement covering Alderley Asia Pacific Pte Limited, Alderley Farms Limited, Alderley plc, Alderley Systems Limited, Alderley FZE, C&M Hydraulics Limited, Specialised Management Services Limited, Alderley Process Technologies Limited and Kelton Engineering Limited.
- Unlimited debentures from Alderley plc, Specialised Management Services Limited, Alderley Systems Limited, Alderley Farms Limited, Kelton Engineering Limited, Alderley Process Technologies Limited and C&M Hydraulics Limited.
- A commercial mortgage and unlimited all monies guarantee from Alderley AFZE
- A legal charge over Alderley Farms Limited's freehold land and buildings
- A first legal charge over Alderley plc's freehold land and buildings.

The company has also given advance payment guarantees and performance bonds totalling £330,401 (2014: £89,980).

Bonds become payable if the company does not meet its contractual obligations, at the request of the customer with whom the bond was issued. The company therefore seeks to ensure that such contractual obligations are met and historically no bonds have had to be paid.



## Notes to the financial statements (continued)

for the year ended 30 September 2015

### 22. Combined reconciliation of movements in shareholder's funds

	<i>Called up share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£
At 1 October 2013	480,201	1,698,104	2,178,305
Profit for the financial year	-	1,469,233	1,469,233
At 30 September 2014	480,201	3,167,337	3,647,538
Profit for the financial year	-	1,501,017	1,501,017
At 30 September 2015	480,201	4,668,354	5,148,555

### 23. Ultimate parent company and controlling party

In the opinion of the directors, the company's ultimate parent company is Alderley plc, a company incorporated in Great Britain, and registered in England and Wales. Alderley plc prepares group financial statements and copies can be obtained from Alderley House, Arnolds Field Estate, The Downs, Wickwar, Wotton-under-Edge, Gloucestershire, GL12 8JD.

The ultimate controlling party of the company and Alderley plc is considered to be A J V Shepherd