

Company Registration No. 03909303 (England and Wales)

A & E Holdings Limited

Annual report and consolidated financial statements

For the year ended 31 December 2016

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A & E Holdings Limited

Company information

| | | |
|--------------------------|--|--------------------------|
| Directors | K G Brownlee Dr W H Dieter | (Appointed 22 June 2016) |
| Company number | 03909303 | |
| Registered office | West House King Cross Road Halifax West Yorkshire HX1 1EB | |
| Auditor | B M Howarth Ltd West House King Cross Road Halifax West Yorkshire HX1 1EB | |
| Bankers | HSBC Bank plc 47 Eastgate Street Chester Cheshire CH1 1XW | |

A & E Holdings Limited

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A & E Holdings Limited
Strategic report
for the year ended 31 December 2016

The directors present the strategic report for the year ended 31 December 2016.

Principal activities

The principal activity of the group continued to be that of engineers and designers of hydraulic equipment.

Business review

As shown in the group's statement of income and retained earnings, turnover has fallen due to the decline of the oil industry in the year. Despite this decline, the profitability has remained strong due to management focusing on costs, with the gross margin percentage increasing to 43.4% (2015: 37.9%).

Financial risks and uncertainties

Financial risks affecting the group include the risk of reduced liquidity, finance cost risk and exchange rate risk. These risks are managed on a daily basis by controlling the cash flow including the purchase of raw materials and other services in relation to future orders. All debts are rigorously chased as they fall due. Competitive pressure is also a continuing risk for the group. The group manages the risk by maintaining strong relations with its customers, reacting efficiently to meet their demands and supplying quality products and services.

Payment of creditors

The group's policy is to pay creditors in line with each of the suppliers credit terms.

Future developments

The prospects for the year to 31 December 2017 are very encouraging. The group continues to operate a strong order book and the directors are looking forward to another successful and profitable year.

There have been no significant events since the balance sheet date that materially affect the company or the group.

On behalf of the board



K G Brownlee

Director

31 March 2017

A & E Holdings Limited
Directors' report
for the year ended 31 December 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

K G Brownlee
Dr W H Dieter

(Appointed 22 June 2016)

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Auditor

The auditor, B M Howarth Ltd, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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 group and company, and of the profit or loss of the group 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

A & E Holdings Limited
Directors' report (continued)
for the year ended 31 December 2016

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board



K G Brownlee

Director

31 March 2017

A & E Holdings Limited
Independent auditor's report
to the members of A & E Holdings Limited

We have audited the financial statements of A & E Holdings Limited for the year ended 31 December 2016 which comprise the Group Statement of Income and Retained Earnings, the Group Statement Of Financial Position, the Company Statement Of Financial Position, the Group Statement of Cash Flows and the related notes. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 group's and the parent 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 group's and the parent company's affairs as at 31 December 2016 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

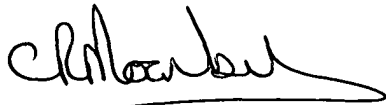
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

A & E Holdings Limited
Independent auditor's report (continued)
to the members of A & E Holdings Limited

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Charles R Moorby (Senior Statutory Auditor)
for and on behalf of B M Howarth Ltd

**Chartered Accountants and
Statutory Auditor
West House
King Cross Road
Halifax
West Yorkshire
HX1 1EB**

31 March 2017

A & E Holdings Limited

Group statement of income and retained earnings for the year ended 31 December 2016

| | Notes | 2016 £ | 2015 £ |
|---------------------------------------|-------|------------------|------------------|
| Turnover | 2 | 13,565,680 | 18,661,374 |
| Cost of sales | | (7,676,517) | (11,580,759) |
| Gross profit | | 5,889,163 | 7,080,615 |
| Administrative expenses | | (4,051,627) | (4,424,871) |
| Operating profit | 3 | 1,837,536 | 2,655,744 |
| Interest payable and similar expenses | 6 | (74,257) | (285,495) |
| Profit before taxation | | 1,763,279 | 2,370,249 |
| Taxation | 7 | (341,802) | (497,948) |
| Profit for the financial year | | 1,421,477 | 1,872,301 |
| Retained earnings at 1 January 2016 | | 7,139,884 | 5,267,583 |
| Retained earnings at 31 December 2016 | | <u>8,561,361</u> | <u>7,139,884</u> |

Profit for the financial year is all attributable to the owners of the parent company.


Total comprehensive income for the year is all attributable to the owners of the parent company.

The income statement has been prepared on the basis that all operations are continuing operations.

A & E Holdings Limited
Group Statement of financial position
as at 31 December 2016

| | Notes | 2016 £ | £ | 2015 £ | £ |
|--|-------|--------------------|---|--------------------|---|
| Fixed assets | | | | | |
| Intangible assets | 8 | 51,173 | | 50,851 | |
| Tangible assets | 9 | 4,482,647 | | 4,381,097 | |
| | | <u>4,533,820</u> | | <u>4,431,948</u> | |
| Current assets | | | | | |
| Stocks | 12 | 3,856,357 | | 4,629,000 | |
| Debtors | 13 | 2,480,862 | | 3,124,931 | |
| Cash at bank and in hand | | 2,446,249 | | 685,893 | |
| | | <u>8,783,468</u> | | <u>8,439,824</u> | |
| Creditors: amounts falling due within one year | 14 | <u>(3,508,101)</u> | | <u>(4,530,123)</u> | |
| Net current assets | | <u>5,275,367</u> | | <u>3,909,701</u> | |
| Total assets less current liabilities | | <u>9,809,187</u> | | <u>8,341,649</u> | |
| Creditors: amounts falling due after more than one year | 15 | (15,157) | | (8,385) | |
| Provisions for liabilities | | <u>(181,259)</u> | | <u>(141,970)</u> | |
| Net assets | | <u>9,612,771</u> | | <u>8,191,294</u> | |
| Capital and reserves | | | | | |
| Called up share capital | 18 | 307,216 | | 307,216 | |
| Share premium account | | 145,294 | | 145,294 | |
| Other reserves | | 59,000 | | 59,000 | |
| Capital redemption reserve | | 539,900 | | 539,900 | |
| Profit and loss reserves | | 8,561,361 | | 7,139,884 | |
| Total equity | | <u>9,612,771</u> | | <u>8,191,294</u> | |

The financial statements were approved by the board of directors and authorised for issue on 31 March 2017 and are signed on its behalf by:


K G Brownlee
Director

A & E Holdings Limited
Company Statement of financial position
as at 31 December 2016

| | Notes | 2016 £ | £ | 2015 £ | £ |
|---|-------|----------------|---|----------------|---|
| Fixed assets | | | | | |
| Investments | 10 | 1,062,112 | | 1,062,112 | |
| Creditors: amounts falling due within one year | | (69,702) | | (69,702) | |
| Total assets less current liabilities | | <u>992,410</u> | | <u>992,410</u> | |
| Capital and reserves | | | | | |
| Called up share capital | 18 | 307,216 | | 307,216 | |
| Share premium account | | 145,294 | | 145,294 | |
| Capital redemption reserve | | <u>539,900</u> | | <u>539,900</u> | |
| Total equity | | <u>992,410</u> | | <u>992,410</u> | |

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £nil (2015: £nil).

The financial statements were approved by the board of directors and authorised for issue on 31 March 2017 and are signed on its behalf by:



K G Brownlee
Director

Company Registration No. 03909303

A & E Holdings Limited

Group statement of cash flows

for the year ended 31 December 2016

| | Notes | 2016 £ | £ | 2015 £ | £ |
|--|-------|------------------|---|------------------|---|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 22 | 3,002,311 | | 2,714,876 | |
| Interest paid and similar expenses | | (74,257) | | (285,495) | |
| Income taxes paid | | (486,092) | | (392,617) | |
| Net cash inflow from operating activities | | 2,441,962 | | 2,036,764 | |
| Investing activities | | | | | |
| Purchase of intangible assets | | (17,483) | | (51,082) | |
| Purchase of tangible fixed assets | | (194,150) | | (828,102) | |
| Net cash used in investing activities | | (211,633) | | (879,184) | |
| Financing activities | | | | | |
| Repayment of borrowings | | (483,019) | | (750,282) | |
| Payment of finance leases obligations | | 13,046 | | 12,561 | |
| Net cash used in financing activities | | (469,973) | | (737,721) | |
| Net increase in cash and cash equivalents | | 1,760,356 | | 419,859 | |
| Cash and cash equivalents at beginning of year | | 685,893 | | 266,034 | |
| Cash and cash equivalents at end of year | | 2,446,249 | | 685,893 | |

A & E Holdings Limited
Notes to the financial statements
for the year ended 31 December 2016

1 Accounting policies

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate those of A & E Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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 dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Intangible fixed assets other than goodwill

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Certifications & licences

2 - 5 years straight line

A & E Holdings Limited

Notes to the financial statements (continued) for the year ended 31 December 2016

1 Accounting policies

(continued)

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|-----------------------------|---------------------------|
| Freehold land and buildings | nil |
| Plant and equipment | 10% on written down value |
| Fixtures and fittings | 10% on written down value |
| Motor vehicles | 25% on written down value |

Depreciation has not been provided on the freehold properties. The directors believe the current market value to be in excess of the original cost and as such believe that depreciation should not be provided in order for the financial statements to show a true and fair view.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

A & E Holdings Limited

Notes to the financial statements (continued) for the year ended 31 December 2016

1 Accounting policies

(continued)

Leases

Assets held under hire purchase are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum payments. The related liability is included in the statement of financial position as a hire purchase obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Turnover and other revenue

| | 2016 £ | 2015 £ |
|----------------|-------------------|-------------------|
| United Kingdom | 4,199,913 | 5,275,826 |
| Rest of World | 9,365,767 | 13,385,548 |
| | <u>13,565,680</u> | <u>18,661,374</u> |

3 Operating profit

| | 2016 £ | 2015 £ |
|---|-----------|------------|
| Operating profit for the year is stated after charging/(crediting): | | |
| Depreciation of owned tangible fixed assets | 87,473 | 81,318 |
| Depreciation of tangible fixed assets held under hire purchase | 5,127 | 1,196 |
| Amortisation of intangible assets | 17,161 | 11,359 |
| Cost of stocks recognised as an expense | 7,676,517 | 11,580,759 |
| Operating lease charges | 62,429 | 59,953 |
| Auditors remuneration | | |
| - audit of the group and company | 3,000 | 3,000 |
| - audit of the subsidiaries | 14,000 | 12,500 |
| | <u></u> | <u></u> |

A & E Holdings Limited

Notes to the financial statements (continued) for the year ended 31 December 2016

4 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

| | 2016 Number | 2015 Number |
|----------------------------------|----------------|----------------|
| Production | 37 | 38 |
| Engineering & quality | 20 | 21 |
| Sales, accounts & administration | 23 | 22 |
| | <u>80</u> | <u>81</u> |

Their aggregate remuneration comprised:

| | 2016 £ | 2015 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 2,530,301 | 2,566,917 |
| Social security costs | 258,651 | 268,125 |
| Pension costs | 13,995 | 43,676 |
| | <u>2,802,947</u> | <u>2,878,718</u> |

5 Directors' remuneration

| | 2016 £ | 2015 £ |
|---|----------------|----------------|
| Remuneration for qualifying services | 381,608 | 257,535 |
| Company pension contributions to defined contribution schemes | 557 | 30,060 |
| | <u>382,165</u> | <u>287,595</u> |

Remuneration disclosed above includes the following amounts paid to the highest paid director:

| | | |
|--------------------------------------|----------------|----------------|
| Remuneration for qualifying services | <u>129,100</u> | <u>135,132</u> |
|--------------------------------------|----------------|----------------|

A & E Holdings Limited

Notes to the financial statements (continued) for the year ended 31 December 2016

6 Interest payable and similar expenses

| | 2016 £ | 2015 £ |
|-------------------------------------|-----------|-----------|
| Loss on exchange | 51,749 | 234,996 |
| Interest on hire purchase contracts | 7,707 | 33,512 |
| Interest paid to group companies | 12,457 | 19,783 |
| Interest on taxation | 2,344 | (2,796) |
| Total finance costs | 74,257 | 285,495 |

7 Taxation

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Current tax | | |
| UK corporation tax on profits for the current period | 311,989 | 496,021 |
| Adjustments in respect of prior periods | (9,476) | - |
| Total current tax | 302,513 | 496,021 |
| Deferred tax | | |
| Origination and reversal of timing differences | 39,289 | 1,927 |
| Total tax charge | 341,802 | 497,948 |

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Profit before taxation | 1,763,279 | 2,370,249 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%) | 352,656 | 479,975 |
| Tax effect of expenses that are not deductible in determining taxable profit | 8,704 | 27,340 |
| Adjustments in respect of prior years | (9,476) | - |
| Research and development tax credit | (10,082) | (9,367) |
| Tax expense for the year | 341,802 | 497,948 |

A & E Holdings Limited

Notes to the financial statements (continued) for the year ended 31 December 2016

8 Intangible fixed assets

| Group | Certifications & licences |
|------------------------------------|---------------------------|
| | £ |
| Cost | |
| At 1 January 2016 | 94,604 |
| Additions - separately acquired | 17,483 |
| Disposals | (18,497) |
| At 31 December 2016 | 93,590 |
| Amortisation and impairment | |
| At 1 January 2016 | 43,753 |
| Amortisation charged for the year | 17,161 |
| Disposals | (18,497) |
| At 31 December 2016 | 42,417 |
| Carrying amount | |
| At 31 December 2016 | 51,173 |
| At 31 December 2015 | 50,851 |

9 Tangible fixed assets

| Group | Freehold land and buildings | Plant and equipment | Fixtures and fittings | Motor vehicles | Total |
|------------------------------------|-----------------------------------|------------------------|--------------------------|-------------------|-----------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 January 2016 | 3,574,385 | 831,149 | 656,778 | 16,500 | 5,078,812 |
| Additions | 1,482 | 72,667 | 120,001 | - | 194,150 |
| At 31 December 2016 | 3,575,867 | 903,816 | 776,779 | 16,500 | 5,272,962 |
| Depreciation and impairment | | | | | |
| At 1 January 2016 | - | 395,655 | 285,560 | 16,500 | 697,715 |
| Depreciation charged in the year | - | 49,208 | 43,392 | - | 92,600 |
| At 31 December 2016 | - | 444,863 | 328,952 | 16,500 | 790,315 |
| Carrying amount | | | | | |
| At 31 December 2016 | 3,575,867 | 458,953 | 447,827 | - | 4,482,647 |
| At 31 December 2015 | 3,574,385 | 435,494 | 371,218 | - | 4,381,097 |

The net carrying value of tangible fixed assets held under finance leases or hire purchase contracts at the year end was £30,918 (2015: £15,768). Depreciation charge for the year in respect of leased assets totalled £5,127 (2015: £1,196).

A & E Holdings Limited

Notes to the financial statements (continued) for the year ended 31 December 2016

10 Fixed asset investments

| Company | 2016 £ | 2015 £ |
|-----------------------------|-----------|-----------|
| Investments in subsidiaries | 1,062,112 | 1,062,112 |

11 Subsidiaries

The company owns 100% of the Ordinary share capital of the following companies incorporated in England and Wales.

| Name of undertaking | Nature of business | Profit/ (Loss) £ | Capital and Reserves £ |
|---------------------------------|--|---------------------|---------------------------|
| Quality Hydraulic Power Limited | Engineers and designers of hydraulic equipment | 1,421,477 | 9,682,473 |

12 Stocks

| Group | 2016 £ | 2015 £ |
|------------------|-----------|-----------|
| Raw materials | 2,780,260 | 2,285,977 |
| Work in progress | 1,076,097 | 2,343,023 |
| | 3,856,357 | 4,629,000 |

13 Debtors

| Group | 2016 £ | 2015 £ |
|--------------------------------|-----------|-----------|
| Trade debtors | 2,341,438 | 2,751,766 |
| Other debtors | 21,159 | 186,151 |
| Prepayments and accrued income | 118,265 | 187,014 |
| | 2,480,862 | 3,124,931 |

A & E Holdings Limited

Notes to the financial statements (continued) for the year ended 31 December 2016

14 Creditors: amounts falling due within one year

| | Group 2016 £ | 2015 £ | Company 2016 £ | 2015 £ |
|------------------------------------|--------------------|------------------|----------------------|---------------|
| Obligations under hire purchase | 10,450 | 4,176 | - | - |
| Invoice finance | - | 483,019 | - | - |
| Trade creditors | 2,006,333 | 2,582,754 | - | - |
| Amounts due to group undertakings | 434,610 | 362,980 | 69,702 | 69,702 |
| Corporation tax payable | 105,374 | 288,954 | - | - |
| Other taxation and social security | 75,670 | 74,196 | - | - |
| Accruals and deferred income | 875,664 | 734,044 | - | - |
| | <u>3,508,101</u> | <u>4,530,123</u> | <u>69,702</u> | <u>69,702</u> |

Invoice finance is secured on the book debt of the company. Obligations under hire purchase contracts are secured on the assets to which they relate.

15 Creditors: amounts falling due after more than one year

Group

| | 2016 £ | 2015 £ |
|---|---------------|--------------|
| Obligations under hire purchase contracts | <u>15,157</u> | <u>8,385</u> |

Obligations under hire purchase contracts are secured on the assets to which they relate.

16 Provisions for liabilities

Group

| | 2016 £ | 2015 £ |
|--------------------------------|----------------|----------------|
| Accelerated capital allowances | <u>181,259</u> | <u>141,970</u> |

17 Retirement benefit schemes

| | 2016 £ | 2015 £ |
|---|---------------|---------------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | <u>13,995</u> | <u>43,676</u> |

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

A & E Holdings Limited

Notes to the financial statements (continued) for the year ended 31 December 2016

18 Share capital

| | Group and company | |
|--|-------------------|-------------------|
| | 2016 | 2015 |
| | £ | £ |
| Ordinary share capital | | |
| Issued and fully paid | | |
| 14,706 Ordinary shares of £1 each | 14,706 | 14,706 |
| | <u> </u> | <u> </u> |
| Preference share capital | | |
| Issued and fully paid | | |
| 150,000 Preference 'A' shares of £1 each | 150,000 | 150,000 |
| 142,510 Preference 'B' shares of £1 each | 142,510 | 142,510 |
| | <u> </u> | <u> </u> |
| | 292,510 | 292,510 |
| | <u> </u> | <u> </u> |

The 'A' and 'B' preference shares are redeemable at the option of the company and carry a non-cumulative 5% coupon.

The 'A' shares have voting rights equal to those of the Ordinary shares. The 'B' shares carry no voting rights.

19 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Group

| | 2016 | 2015 |
|----------------------------|-------------------|-------------------|
| | £ | £ |
| Within one year | 81,709 | 3,396 |
| Between two and five years | 108,510 | 110,045 |
| | <u> </u> | <u> </u> |
| | 190,219 | 113,441 |
| | <u> </u> | <u> </u> |

20 Related party transactions

The company has taken advantage of the exemption available from the requirement to disclose transactions with those group companies which are consolidated in the group financial statements of A & E Holdings Limited.

During the year the group made sales of £2,241,128 (2015: £3,278,915) to other group companies in the Hydac group (which were not included in these consolidated accounts) and purchases of £730,145 (2015: £748,336). The amount due from these companies at 31 December 2016 was £357,540 (2015: £285,534) and the amounts due to these companies at that date was £1,431,882 (2015: £617,743).

At the balance sheet date, the ultimate parent undertaking, Hydac AG had unsecured loans due from the subsidiary Quality Hydraulic Power Limited of £434,610 (2015: £362,980). Interest is charged on the loans at 3%.

A & E Holdings Limited

Notes to the financial statements (continued) for the year ended 31 December 2016

21 Controlling party

In the opinion of the directors, the ultimate parent undertaking in the current and previous financial year is Hydac AG, a company registered in Switzerland.

The smallest group and largest group for which consolidated financial statements are prepared is that headed up by A & E Holdings Limited.

The director, Dr W H Dieter is considered to be the ultimate controlling party.

22 Cash generated from group operations

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Profit before taxation | 1,763,279 | 2,370,249 |
| Adjustments for: | | |
| Finance costs | 74,257 | 285,495 |
| Amortisation and impairment of intangible assets | 17,160 | 11,359 |
| Depreciation and impairment of tangible fixed assets | 92,600 | 82,514 |
| Movements in working capital: | | |
| Decrease/(increase) in stocks | 772,643 | (63,122) |
| Decrease in debtors | 644,069 | 1,862,472 |
| (Decrease) in creditors | (361,697) | (1,834,091) |
| Cash generated from operations | 3,002,311 | 2,714,876 |