

CH

Company Registration No. 03909303 (England and Wales)

**A & E Holdings Limited**

**Annual report and consolidated financial statements**

**For the year ended 31 December 2017**

MONDAY



\*A77W3IJD\*

A11

11/06/2018

#116

COMPANIES HOUSE

# **A & E Holdings Limited**

## **Company information**

---

<b>Directors</b>	K G Brownlee Dr W Dieter
<b>Company number</b>	03909303
<b>Registered office</b>	West House King Cross Road Halifax HX1 1EB
<b>Auditor</b>	B M Howarth Ltd West House King Cross Road Halifax West Yorkshire HX1 1EB
<b>Bankers</b>	HSBC Bank plc 47 Eastgate Street Chester Cheshire CH1 1XW

---

# **A & E Holdings Limited**

## **Contents**

---

	<b>Page</b>
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 5
Statement of income and retained earnings	6
Group statement of financial position	7
Company statement of financial position	8
Group statement of cash flows	9
Notes to the financial statements	10 - 19

---

**A & E Holdings Limited**  
**Strategic report**  
**for the year ended 31 December 2017**

---

The directors present the strategic report for the year ended 31 December 2017.

**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 46.3% (2016: 43.4%).

**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 2018 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**

**14 March 2018**

**A & E Holdings Limited**  
**Directors' report**  
**for the year ended 31 December 2017**

---

The directors present their annual report and financial statements for the year ended 31 December 2017.

**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 Dieter

**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 2017**

---

### **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 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 is aware of that information.

On behalf of the board



**K G Brownlee**

**Director**

**14 March 2018**

# **A & E Holdings Limited**

## **Independent Auditor's report to the members of A & E Holdings Limited**

---

### **Opinion**

We have audited the financial statements of A & E Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 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 notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

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

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- 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; and
  - the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.
-

## **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**

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

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

- adequate accounting records have not been kept 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.

#### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

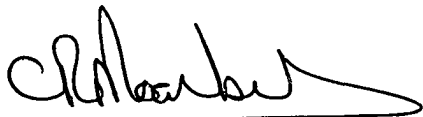
In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend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

#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.



**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**

**14 March 2018**



# A & E Holdings Limited

## Group statement of income and retained earnings for the year ended 31 December 2017

	Notes	2017 £	2016 £
<b>Turnover</b>	<b>2</b>	11,857,246	13,565,680
Cost of sales		(6,361,524)	(7,676,517)
<b>Gross profit</b>		5,495,722	5,889,163
Administrative expenses		(4,241,095)	(4,051,627)
<b>Operating profit</b>	<b>3</b>	1,254,627	1,837,536
Interest payable and similar expenses	<b>5</b>	(1,713)	(74,257)
<b>Profit before taxation</b>		1,252,914	1,763,279
Tax on profit	<b>6</b>	(222,485)	(341,802)
<b>Profit for the financial year</b>		1,030,429	1,421,477
Retained earnings brought forward		8,561,361	7,139,884
Retained earnings carried forward		9,591,790	8,561,361

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 2017**

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Intangible assets	7	73,357		51,173	
Tangible assets	8	4,865,003		4,482,647	
		<u>4,938,360</u>		<u>4,533,820</u>	
<b>Current assets</b>					
Stocks	11	3,840,398		3,856,357	
Debtors	12	2,074,569		2,480,862	
Cash at bank and in hand		2,253,655		2,446,249	
		<u>8,168,622</u>		<u>8,783,468</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(2,220,653)</u>		<u>(3,508,101)</u>	
<b>Net current assets</b>		<u>5,947,969</u>		<u>5,275,367</u>	
<b>Total assets less current liabilities</b>		<u>10,886,329</u>		<u>9,809,187</u>	
<b>Creditors: amounts falling due after more than one year</b>	14	(4,118)		(15,157)	
<b>Provisions for liabilities</b>	15	(239,011)		(181,259)	
<b>Net assets</b>		<u>10,643,200</u>		<u>9,612,771</u>	
<b>Capital and reserves</b>					
Called up share capital	17	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		9,591,790		8,561,361	
<b>Total equity</b>		<u>10,643,200</u>		<u>9,612,771</u>	

The financial statements were approved by the board of directors and authorised for issue on 14 March 2018 and are signed on its behalf by:



**K G Brownlee**  
**Director**

# A & E Holdings Limited

## Company Statement of financial position as at 31 December 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Investments	9	1,062,112		1,062,112	
<b>Creditors: amounts falling due within one year</b>		(69,702)		(69,702)	
<b>Total assets less current liabilities</b>		<u>992,410</u>		<u>992,410</u>	
<b>Capital and reserves</b>					
Called up share capital	17	307,216		307,216	
Share premium account		145,294		145,294	
Capital redemption reserve		<u>539,900</u>		<u>539,900</u>	
<b>Total equity</b>		<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 (2016: £nil).

The financial statements were approved by the board of directors and authorised for issue on 14 March 2018 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 2017**

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	21	1,058,441		2,930,682	
Interest paid and similar expenses		(1,713)		(74,257)	
Corporation tax paid		(260,316)		(486,093)	
<b>Net cash inflow from operating activities</b>		<u>796,412</u>		<u>2,370,332</u>	
<b>Investing activities</b>					
Purchase of intangible assets		(42,994)		(17,483)	
Purchase of tangible fixed assets		(516,895)		(194,150)	
Proceeds on disposal of tangible fixed assets		6,023		-	
<b>Net cash used in investing activities</b>		<u>(553,866)</u>		<u>(211,633)</u>	
<b>Financing activities</b>					
Repayment of borrowings		(434,610)		(411,389)	
Payment of hire purchase obligations		(530)		13,046	
<b>Net cash used in financing activities</b>		<u>(435,140)</u>		<u>(398,343)</u>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(192,594)</u>		<u>1,760,356</u>	
Cash and cash equivalents at beginning of year		2,446,249		685,893	
<b>Cash and cash equivalents at end of year</b>		<u><u>2,253,655</u></u>		<u><u>2,446,249</u></u>	

**A & E Holdings Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2017**

---

**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 2017. 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.

**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 - goodwill**

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

**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 2017

### 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 line with 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 2017

### 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

	2017 £	2016 £
United Kingdom	3,880,914	4,199,913
Rest of World	7,976,332	9,365,767
	<u>11,857,246</u>	<u>13,565,680</u>

### 3 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	107,244	87,473
Depreciation of tangible fixed assets held under hire purchase	3,092	5,127
Loss on disposal of tangible fixed assets	18,180	-
Amortisation of intangible assets	20,813	17,161
Cost of stocks recognised as an expense	6,361,524	7,676,517
Operating lease charges	66,362	62,429
Auditors remuneration - audit of the group and company	3,000	3,000
- audit of the subsidiaries	14,000	14,000
	<u></u>	<u></u>

# A & E Holdings Limited

## Notes to the financial statements (continued) for the year ended 31 December 2017

### 4 Employees

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

	2017 Number	2016 Number
Production	41	37
Engineering & quality	19	20
Sales, accounts & administration	22	23
	<u>82</u>	<u>80</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	2,677,882	2,530,301
Social security costs	271,560	258,651
Pension costs	17,441	13,995
	<u>2,966,883</u>	<u>2,802,947</u>

### 5 Interest payable and similar expenses

	2017 £	2016 £
(Profit)/loss on exchange	(5,862)	51,749
Interest on hire purchase contracts	2,204	7,707
Interest paid to group companies	5,371	12,457
Interest on taxation	-	2,344
	<u>1,713</u>	<u>74,257</u>



# A & E Holdings Limited

## Notes to the financial statements (continued)

for the year ended 31 December 2017

### 6 Taxation

	2017 £	2016 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	218,458	311,989
Adjustments in respect of prior periods	-	(9,476)
Total current tax	218,458	302,513
<b>Deferred tax</b>		
Origination and reversal of timing differences	13,779	39,289
Changes in tax rates	(9,752)	-
Total deferred tax	4,027	39,289
Total tax charge for the year	222,485	341,802

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:

	2017 £	2016 £
Profit before taxation	1,252,914	1,763,279
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	241,186	352,656
Tax effect of expenses that are not deductible in determining taxable profit	2,083	8,704
Adjustments in respect of prior years	-	(9,476)
Effect of change in corporation tax rate	(10,544)	-
Research and development tax credit	(10,240)	(10,082)
Taxation charge for the year	222,485	341,802

# A & E Holdings Limited

## Notes to the financial statements (continued)

for the year ended 31 December 2017

### 7 Intangible fixed assets

Group	Goodwill £	Certifications & licences £	Total £
<b>Cost</b>			
At 1 January 2017	-	93,591	93,591
Additions - separately acquired	42,994	-	42,994
Disposals	-	(25,026)	(25,026)
At 31 December 2017	42,994	68,565	111,559
<b>Amortisation and impairment</b>			
At 1 January 2017	-	42,415	42,415
Amortisation charged for the year	2,866	17,947	20,813
Disposals	-	(25,026)	(25,026)
At 31 December 2017	2,866	35,336	38,202
<b>Carrying amount</b>			
At 31 December 2017	40,128	33,229	73,357
At 31 December 2016	-	51,173	51,173

### 8 Tangible fixed assets

Group	Freehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 2017	3,575,867	903,816	776,779	16,500	5,272,962
Additions	46,144	65,828	394,218	10,705	516,895
Disposals	-	(12,415)	(66,619)	(16,500)	(95,534)
At 31 December 2017	3,622,011	957,229	1,104,378	10,705	5,694,323
<b>Depreciation and impairment</b>					
At 1 January 2017	-	444,863	328,952	16,500	790,315
Depreciation charge in year	-	49,355	59,534	1,447	110,336
Eliminated on disposals	-	(7,293)	(47,538)	(16,500)	(71,331)
At 31 December 2017	-	486,925	340,948	1,447	829,320
<b>Carrying amount</b>					
At 31 December 2017	3,622,011	470,304	763,430	9,258	4,865,003
At 31 December 2016	3,575,867	458,953	447,827	-	4,482,647

The net carrying value of tangible fixed assets held under finance leases or hire purchase contracts at the year end was £81,723 (2016: £30,918). Depreciation charge for the year in respect of leased assets totalled £10,211 (2016: £5,127).

# A & E Holdings Limited

## Notes to the financial statements (continued) for the year ended 31 December 2017

### 9 Fixed asset investments

Company	2017 £	2016 £
Investments in subsidiaries	1,062,112	1,062,112

### 10 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 Ltd	Engineers and designers of hydraulic equipment	1,037,047	10,719,520
Alton Precision Engineering Ltd	Precision Engineers	11,009	391,900

### 11 Stocks

Group	2017 £	2016 £
Raw materials	2,524,637	2,780,260
Work in progress	1,315,761	1,076,097
	3,840,398	3,856,357

### 12 Debtors

Group	2017 £	2016 £
Trade debtors	1,899,439	2,341,438
Other debtors	17,229	21,159
Prepayments and accrued income	157,901	118,265
	2,074,569	2,480,862

# A & E Holdings Limited

## Notes to the financial statements (continued)

for the year ended 31 December 2017

### 13 Creditors: amounts falling due within one year

	Group 2017 £	2016 £	Company 2017 £	2016 £
Obligations under hire purchase	20,959	10,450	-	-
Other borrowings	-	434,610	-	-
Trade creditors	1,187,260	2,006,333	-	-
Amounts due to group undertakings	-	-	69,702	69,702
Corporation tax payable	9,794	105,374	-	-
Other taxation and social security	130,575	75,670	-	-
Other creditors	138,605	-	-	-
Accruals and deferred income	733,460	875,664	-	-
	<u>2,220,653</u>	<u>3,508,101</u>	<u>69,702</u>	<u>69,702</u>

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

### 14 Creditors: amounts falling due after more than one year

#### Group

	2017 £	2016 £
Obligations under hire purchase	<u>4,118</u>	<u>15,157</u>

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

### 15 Provisions for liabilities

#### Group

	2017 £	2016 £
Accelerated capital allowances	<u>239,011</u>	<u>181,259</u>

### 16 Retirement benefit schemes

	2017	2016
Charge to profit or loss	<u>17,441</u>	<u>13,995</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 2017

### 17 Share capital

	Group and company	
	2017	2016
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
14,706 Ordinary shares of £1 each	14,706	14,706
	<u>          </u>	<u>          </u>
<b>Preference share capital</b>		
<b>Issued and fully paid</b>		
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.

### 18 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

	2017	2016
	£	£
Within one year	106,194	81,709
Between two and five years	97,757	108,510
	<u>          </u>	<u>          </u>
	203,951	190,219
	<u>          </u>	<u>          </u>

### 19 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 £2,102,804 (2016: £2,209,235) to other group companies in the Hydac group (which were not included in these consolidated accounts) and purchases of £496,753 (2016: £748,336). The amount due from these companies at 31 December 2017 was £253,106 (2016: £357,540) and the amounts due to these companies at that date was £551,054 (2016: £1,041,126).

At the balance sheet date, the ultimate parent undertaking, Hydac AG had unsecured loans due from the subsidiary Quality Hydraulic Power Limited of £Nil (2016: £434,610). Interest is charged on the loans at 3%.

## A & E Holdings Limited

### Notes to the financial statements (continued) for the year ended 31 December 2017

#### 20 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.

#### 21 Cash generated from group operations

	2017 £	2016 £
Profit before taxation	1,252,914	1,763,279
Adjustments for:		
Finance costs	1,713	74,257
Loss on disposal of tangible fixed assets	18,180	-
Amortisation and impairment of intangible assets	20,813	17,161
Depreciation and impairment of tangible fixed assets	110,336	92,600
Movements in working capital:		
Decrease in stocks	15,959	772,643
Decrease in debtors	401,486	644,069
(Decrease) in creditors	(762,960)	(433,327)
<b>Cash generated from operations</b>	<b>1,058,441</b>	<b>2,930,682</b>

#### 22 Company information

A & E Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is West House, King Cross Road, Halifax, West Yorkshire, HX1 1EB.

The group consists of A & E Holdings Limited and all of its subsidiaries.