

COMPANY REGISTRATION NUMBER: 04953775

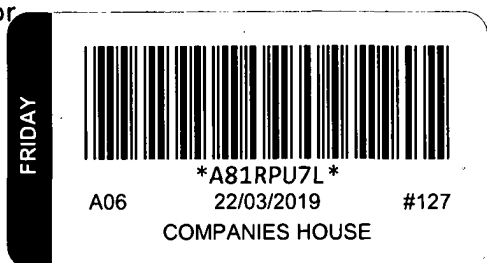
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**Metallisation Limited**  
**Financial Statements**  
**31 December 2018**

**MURAS BAKER JONES LIMITED**

Chartered accountants & statutory auditor

Regent House  
Bath Avenue  
Wolverhampton  
West Midlands  
WV1 4EG



# **Metallisation Limited**

## **Financial Statements**

**Year ended 31 December 2018**

<b>Contents</b>	<b>Pages</b>
Officers and professional advisers	<b>1</b>
Strategic report	<b>2</b>
Directors' report	<b>3 to 4</b>
Independent auditor's report to the members	<b>5 to 8</b>
Statement of income and retained earnings	<b>9</b>
Statement of financial position	<b>10</b>
Statement of cash flows	<b>11</b>
Notes to the financial statements	<b>12 to 23</b>

# **Metallisation Limited**

## **Officers and Professional Advisers**

### **The board of directors**

T P Lester  
R V C Hill  
S A Barker  
P J Silcox  
S Milton  
Mr J Newton

### **Company secretary**

P J Silcox

### **Registered office**

Peartree Lane  
Dudley  
West Midlands  
DY2 0XH

### **Auditor**

Muras Baker Jones Limited  
Chartered accountants & statutory auditor  
Regent House  
Bath Avenue  
Wolverhampton  
West Midlands  
WV1 4EG

### **Bankers**

Royal Bank of Scotland  
79/83 Colmore Row  
Birmingham  
B3 2AP

# **Metallisation Limited**

## **Strategic Report**

**Year ended 31 December 2018**

### **Principal activity**

The principal activity of the company continued to be the manufacture of thermal spray equipment and the distribution of thermal spray consumables.

### **Review of business, development and performance**

In 2018 the company continued its strategic policies of developing both new overseas markets, offering a full product range of high quality thermal spray equipment and offering complete turnkey solutions, all backed up by the highest standards of customer service. The company has continued to invest in the business facilities to improve efficiency along with the continued recruitment and development of engineering talent.

The financial results for 2018 show a continuation of the steady performance seen over the last 10 years. Turnover was down slightly (by 9%) against the previous year to £12.6m, reflecting the impact of the post Brexit and global economic uncertainty which also affected the cost base but at the same time gave further opportunities for export. The net result highlights a profit before tax and goodwill amortisation for the financial year of £1.41m compared to £1.35m for 2017. Exports, to over 60 different countries, continue to make a significant contribution to the company's turnover.

The directors consider that the company has a strong balance sheet and in spite of some difficult trading conditions and intense competition around the globe, is well placed to consolidate its market position in 2019 and beyond. All of this would not be possible without the continued support and dedication of a loyal and skilled workforce and the directors would like to place on record their appreciation of this.

### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the company relate to the recoverability of trade debtors. To this effect the company performs credit checks for all significant customers and carries insurance policies to minimise bad debt risk.

The company has some exposure to risk in the respect of certain sales and purchases being in foreign currencies. The risk is managed by forward contracts for currency where it is considered applicable.

Other trading risks are managed by strategic policy of diversifying into new overseas markets and new products.

This report was approved by the board of directors on 21 March 2019 and signed on behalf of the board by:



S Milton  
Director

# **Metallisation Limited**

## **Directors' Report**

**Year ended 31 December 2018**

The directors present their report and the financial statements of the company for the year ended 31 December 2018.

### **Principal activities**

The principal activity of the company has continued to be the manufacture of thermal spray equipment and the distribution of thermal spray consumables.

### **Directors**

The directors who served the company during the year were as follows:

T P Lester  
R V C Hill  
S A Barker  
P J Silcox  
S Milton  
Mr J Newton

(Appointed 4 July 2018)

### **Dividends**

Particulars of recommended dividends are detailed in note 13 to the financial statements.

### **Financial instruments**

The company holds financial instruments to finance its operation and as a tool to manage currency exposure risks arising from its operations.

In addition, various financial instruments such as trade debtors and trade creditors arise directly from the company's operations.

Operations and working capital requirements are funded principally out of short term banking facilities and retained profits.

### **Disclosure of information in the strategic report**

The directors have prepared a separate strategic report in accordance with the requirements of section 414 Companies Act 2006.

### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 the profit or loss of the company for that period.

# Metallisation Limited

## Directors' Report *(continued)*

Year ended 31 December 2018

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;
- 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.

### Auditor

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 21 March 2019 and signed on behalf of the board by:



S Milton  
Director

# **Metallisation Limited**

## **Independent Auditor's Report to the Members of Metallisation Limited**

**Year ended 31 December 2018**

### **Opinion**

We have audited the financial statements of Metallisation Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 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.

# **Metallisation Limited**

## **Independent Auditor's Report to the Members of Metallisation Limited *(continued)***

**Year ended 31 December 2018**

### **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 the 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.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.



# **Metallisation Limited**

## **Independent Auditor's Report to the Members of Metallisation Limited *(continued)***

**Year ended 31 December 2018**

### **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 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 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

# **Metallisation Limited**

## **Independent Auditor's Report to the Members of Metallisation Limited *(continued)***

**Year ended 31 December 2018**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oliver Ross BSc(Hons) FCA (Senior Statutory Auditor)

For and on behalf of  
Muras Baker Jones Limited  
Chartered accountant & statutory auditor  
Regent House  
Bath Avenue  
Wolverhampton  
West Midlands  
WV1 4EG

21 March 2019

# Metallisation Limited

## Statement of Income and Retained Earnings

Year ended 31 December 2018

	Note	2018 £	2017 £
<b>Turnover</b>	<b>4</b>	<b>12,625,817</b>	<b>13,925,634</b>
<b>Cost of sales</b>		<b>9,328,878</b>	<b>10,621,792</b>
<b>Gross profit</b>		<b>3,296,939</b>	<b>3,303,842</b>
Distribution costs		175,696	174,938
Administrative expenses		1,794,087	1,839,363
Other operating income	5	88,226	64,403
<b>Operating profit</b>	<b>6</b>	<b>1,415,382</b>	<b>1,353,944</b>
Other interest receivable and similar income	10	133	42
Interest payable and similar expenses	11	7,120	8,758
<b>Profit before taxation</b>		<b>1,408,395</b>	<b>1,345,228</b>
Tax on profit	12	160,938	163,095
<b>Profit for the financial year and total comprehensive income</b>		<b>1,247,457</b>	<b>1,182,133</b>
Dividends paid and payable	13	(1,130,000)	(1,018,436)
<b>Retained earnings at the start of the year</b>		<b>5,934,928</b>	<b>5,771,231</b>
<b>Retained earnings at the end of the year</b>		<b>6,052,385</b>	<b>5,934,928</b>

All the activities of the company are from continuing operations.

The notes on pages 12 to 23 form part of these financial statements.

# Metallisation Limited

## Statement of Financial Position

31 December 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	14	451,980	552,553
Investments	15	<u>1</u>	<u>1</u>
		451,981	552,554
<b>Current assets</b>			
Stocks	16	1,679,458	1,833,463
Debtors	17	5,769,307	5,678,856
Cash at bank and in hand		<u>460,088</u>	<u>1,052,383</u>
		7,908,853	8,564,702
<b>Creditors: amounts falling due within one year</b>	19	<u>2,061,321</u>	<u>2,924,200</u>
<b>Net current assets</b>		5,847,532	5,640,502
<b>Total assets less current liabilities</b>		6,299,513	6,193,056
<b>Provisions</b>			
Taxation including deferred tax	20	<u>51,000</u>	<u>62,000</u>
<b>Net assets</b>		<u>6,248,513</u>	<u>6,131,056</u>
<b>Capital and reserves</b>			
Called up share capital	24	196,128	196,128
Profit and loss account	25	<u>6,052,385</u>	<u>5,934,928</u>
<b>Shareholders funds</b>		<u>6,248,513</u>	<u>6,131,056</u>

These financial statements were approved by the board of directors and authorised for issue on 21 March 2019, and are signed on behalf of the board by:



P J Silcox  
Director

Company registration number: 04953775

The notes on pages 12 to 23 form part of these financial statements.

# Metallisation Limited

## Statement of Cash Flows

Year ended 31 December 2018

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Profit for the financial year		1,247,457	1,182,133
<i>Adjustments for:</i>			
Depreciation of tangible assets		139,142	140,735
Government grant income		(57,963)	(29,368)
Other interest receivable and similar income		(133)	(42)
Interest payable and similar expenses		7,120	8,758
Tax on profit		160,938	163,095
Accrued (income)/expenses		(58,025)	49,074
<i>Changes in:</i>			
Stocks		154,005	(104,794)
Trade and other debtors		(90,451)	56,812
Trade and other creditors		(581,318)	264,494
Provisions		-	(36,944)
Cash generated from operations		920,772	1,693,953
Interest paid		(7,120)	(8,758)
Interest received		133	42
Tax paid		(161,338)	(213,095)
Net cash from operating activities		<u>752,447</u>	<u>1,472,142</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible assets		(43,469)	(49,469)
Proceeds from sale of tangible assets		4,900	-
Net cash used in investing activities		<u>(38,569)</u>	<u>(49,469)</u>
<b>Cash flows from financing activities</b>			
Government grant income		57,963	29,368
Dividends paid		(1,130,000)	(1,018,436)
Net cash used in financing activities		<u>(1,072,037)</u>	<u>(989,068)</u>
Net (decrease)/increase in cash and cash equivalents		(358,159)	433,605
Cash and cash equivalents at beginning of year		818,247	384,642
Cash and cash equivalents at end of year	18	<u>460,088</u>	<u>818,247</u>

The notes on pages 12 to 23 form part of these financial statements.

# **Metallisation Limited**

## **Notes to the Financial Statements**

**Year ended 31 December 2018**

### **1. General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Peartree Lane, Dudley, West Midlands, DY2 0XH.

### **2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### **3. Accounting policies**

#### **(a) Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### **(b) Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **(c) Revenue recognition**

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

#### **(d) Corporation tax**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

# Metallisation Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 3. Accounting policies *(continued)*

#### Corporation tax *(continued)*

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### (e) Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

#### (f) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### (g) Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

#### (h) Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	Straight line over the life of the lease
Plant & Machinery	-	Over 3 to 10 years
Fixtures & Fittings	-	Over 3 to 10 years

#### (i) Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

# Metallisation Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 3. Accounting policies *(continued)*

#### Investments *(continued)*

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

#### (j) Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

#### (k) Stocks

Stocks are measured at the lower of cost and estimated selling price after making due allowance for obsolete and slow moving items. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

#### (l) Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.



# Metallisation Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 3. Accounting policies *(continued)*

#### Government grants *(continued)*

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

#### (m) Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

#### (n) Financial instruments

The company holds financial instruments to finance its operation and as a tool to manage currency exposure risks arising from its operations.

In addition, various financial instruments such as trade debtors and trade creditors arise directly from the group's operations. The company performs credit checks for all significant customers and carries insurance policies to minimise bad debt risk.

Operations and working capital requirements are funded principally out of short term banking facilities and retained profits.

#### (o) Defined contribution plans

Contributions made by the company in respect of director's and employee's personal pension schemes are charged to the profit and loss account in the period they are paid.

### 4. Turnover

Turnover arises from:

	2018	2017
	£	£
Sale of goods	<u>12,625,817</u>	<u>13,925,634</u>

# Metallisation Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 4. Turnover *(continued)*

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

The analysis of turnover by geographical market required by SI 2009/410 Schedule 1 Paragraph 68(5) has not been provided as, in the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the company.

### 5. Other operating income

	2018	2017
	£	£
Commission receivable	16,756	20,974
Government grant income	57,963	29,368
Other operating income	13,507	14,061
	<u>88,226</u>	<u>64,403</u>

### 6. Operating profit

Operating profit or loss is stated after charging:

	2018	2017
	£	£
Depreciation of tangible assets	139,142	140,735
Impairment of trade debtors	13,663	5,541
Foreign exchange differences	2,421	4
	<u>155,226</u>	<u>146,280</u>

### 7. Auditor's remuneration

	2018	2017
	£	£
Fees payable for the audit of the financial statements	<u>14,500</u>	<u>14,000</u>

### 8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2018	2017
	No.	No.
Production staff	21	22
Administrative staff	24	23
	<u>45</u>	<u>45</u>

# Metallisation Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2018

### 8. Staff costs (continued)

The aggregate payroll costs incurred during the year, relating to the above, were:

	2018	2017
	£	£
Wages and salaries	1,626,574	1,745,398
Social security costs	184,979	197,383
Other pension costs	27,761	33,680
	<u>1,839,314</u>	<u>1,976,461</u>

### 9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2018	2017
	£	£
Remuneration	284,473	376,147
Company contributions to defined contribution pension plans	2,276	2,318
	<u>286,749</u>	<u>378,465</u>

Remuneration of the highest paid director in respect of qualifying services:

	2018	2017
	£	£
Aggregate remuneration	<u>55,182</u>	<u>85,355</u>

### 10. Other interest receivable and similar income

	2018	2017
	£	£
Interest on cash and cash equivalents	<u>133</u>	<u>42</u>

### 11. Interest payable and similar expenses

	2018	2017
	£	£
Interest on banks loans and overdrafts	<u>7,120</u>	<u>8,758</u>

### 12. Tax on profit

Major components of tax expense

	2018	2017
	£	£
Current tax:		
UK current tax expense	281,600	271,000
Adjustments in respect of prior periods	(109,662)	(104,905)
Total current tax	<u>171,938</u>	<u>166,095</u>

# Metallisation Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2018

### 12. Tax on profit (continued)

	2018 £	2017 £
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(11,000)	(3,000)
<b>Tax on profit</b>	<b>160,938</b>	<b>163,095</b>

### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19%).

	2018 £	2017 £
Profit on ordinary activities before taxation	1,408,395	1,345,228
Profit on ordinary activities by rate of tax	267,595	255,593
Adjustment to tax charge in respect of prior periods	(151)	576
Effect of expenses not deductible for tax purposes	2,695	2,751
Effect of capital allowances and depreciation	11,351	9,035
Effect of different UK tax rates on some earnings	-	3,470
Rounding on tax charge	(41)	151
R & D claims in respect of prior periods	(109,511)	(95,092)
Short term timing differences	(11,000)	(13,389)
<b>Tax on profit</b>	<b>160,938</b>	<b>163,095</b>

### 13. Dividends

	2018 £	2017 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year )	1,130,000	1,018,436

# Metallisation Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2018

### 14. Tangible assets

	Long leasehold property £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 January 2018	80,991	1,479,930	378,088	1,939,009
Additions	–	19,252	24,217	43,469
Disposals	–	(39,613)	–	(39,613)
<b>At 31 December 2018</b>	<u>80,991</u>	<u>1,459,569</u>	<u>402,305</u>	<u>1,942,865</u>
<b>Depreciation</b>				
At 1 January 2018	54,366	1,012,347	319,743	1,386,456
Charge for the year	8,099	108,887	22,156	139,142
Disposals	–	(34,713)	–	(34,713)
<b>At 31 December 2018</b>	<u>62,465</u>	<u>1,086,521</u>	<u>341,899</u>	<u>1,490,885</u>
<b>Carrying amount</b>				
<b>At 31 December 2018</b>	<u>18,526</u>	<u>373,048</u>	<u>60,406</u>	<u>451,980</u>
At 31 December 2017	<u>26,625</u>	<u>467,583</u>	<u>58,345</u>	<u>552,553</u>

### 15. Investments

	Shares in group undertakings £
<b>Cost</b>	
At 1 January 2018 and 31 December 2018	<u>1</u>
<b>Impairment</b>	
At 1 January 2018 and 31 December 2018	<u>–</u>
<b>Carrying amount</b>	
<b>At 31 December 2018</b>	<u>1</u>
At 31 December 2017	<u>1</u>

#### Subsidiaries, associates and other investments

	Class of share	Percentage of shares held
<b>Subsidiary undertakings</b>		
Surface Coatings Limited	Ordinary	100

The company has not prepared consolidated accounts on the basis that the subsidiary is dormant and its exclusion from consolidation does not materially affect the position of the group.

# Metallisation Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2018

### 16. Stocks

	2018 £	2017 £
Work in progress	153,315	282,862
Finished goods and goods for resale	1,526,143	1,550,601
	<u>1,679,458</u>	<u>1,833,463</u>

### 17. Debtors

	2018 £	2017 £
Trade debtors	2,188,859	2,154,861
Amounts owed by group undertakings	3,483,170	3,369,617
Prepayments and accrued income	90,539	140,704
Derivative financial assets	4,914	10,952
Other debtors	1,825	2,722
	<u>5,769,307</u>	<u>5,678,856</u>

### 18. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2018 £	2017 £
Cash at bank and in hand	460,088	1,052,383
Bank overdrafts	–	(234,136)
	<u>460,088</u>	<u>818,247</u>

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

	2018 £	2017 £
Bank loans and overdrafts	–	234,136
Trade creditors	1,483,155	1,998,667
Amounts owed to group undertakings	1	1
Accruals and deferred income	170,432	228,457
Corporation tax	281,600	271,000
Social security and other taxes	103,953	174,646
Other creditors	22,180	17,293
	<u>2,061,321</u>	<u>2,924,200</u>

The company has a bank overdraft facility under which advances can be received in respect of unsettled sales invoices. The amount outstanding is secured by a debenture dated 18 September 2014 incorporating a fixed and floating charge over the assets of the company. The company's banking facilities are also secured by an unlimited debenture dated 18 September 2014 incorporating a fixed and floating charge over the assets of the company.

# Metallisation Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2018

### 20. Provisions

	Deferred tax (note 21) £
At 1 January 2018	62,000
Unused amounts reversed	(11,000)
<b>At 31 December 2018</b>	<b><u>51,000</u></b>

### 21. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2018 £	2017 £
Included in provisions (note 20)	<u>51,000</u>	<u>62,000</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2018 £	2017 £
Accelerated capital allowances	62,000	65,800
Provisions	(11,000)	(3,800)
	<u>51,000</u>	<u>62,000</u>

### 22. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £27,761 (2017: £33,680).

### 23. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2018 £	2017 £
Recognised in other operating income:		
Government grants recognised directly in income	55,871	27,587
Government grants released to profit or loss	2,092	1,781
	<u>57,963</u>	<u>29,368</u>

# Metallisation Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 24. Called up share capital

#### Authorised share capital

	2018		2017	
	No.	£	No.	£
Ordinary Class A shares of £1 each	49,031	49,031	49,031	49,031
Ordinary Class B shares of £1 each	49,031	49,031	49,031	49,031
Ordinary Class C shares of £1 each	98,066	98,066	98,066	98,066
	<u>196,128</u>	<u>196,128</u>	<u>196,128</u>	<u>196,128</u>

### 25. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

### 26. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	£	£
Not later than 1 year	163,879	151,843
Later than 1 year and not later than 5 years	480,941	456,587
Later than 5 years	600,000	700,236
	<u>1,244,820</u>	<u>1,308,666</u>

### 27. Contingencies

The company has provided guarantees to The Royal Bank of Scotland plc in respect of a loan of £3,500,000 made to the parent undertaking, Metallisation Holdings Limited. At 31 December 2018 the balance on this loan stood at £3,250,000.

The company has also provided security in the form of a debenture, incorporating a fixed and floating charge over the assets of the company, in respect of the outstanding loan notes of £450,335 issued by the parent undertaking, Metallisation Holdings Limited, to the former shareholders of the company.



# **Metallisation Limited**

## **Notes to the Financial Statements *(continued)***

**Year ended 31 December 2018**

### **28. Related party transactions**

The company occupies premises owned by Pathfinder Private Pension Scheme, a scheme in which T P Lester, R V C Hill and S A Barker are members and trustees. Rent paid by the company to the scheme for the year ended 31 December 2018 amounted to £100,000 (2017 - £100,000).

The company has taken advantage of the exemption allowed by Financial Reporting Standard 102 Paragraph 33.1A "Related Party Disclosures", not to disclose any transactions with the entities that are included in the consolidated financial statements of the ultimate parent undertaking.

During the year, the company has made purchases of £128,187 (2017 - £87,339) from and sales of £1,569 (2017 - £1,748) to Lase Limited, the parent company of Laser Surfacing Limited, in which T P Lester is a director and shareholder. As at 31 December 2018, £58,870 (2017 - £20,357) was owed to Lase Limited.

### **29. Controlling party**

The company is a wholly owned subsidiary of Metallisation Holdings Limited.