

ACCURACY INTERNATIONAL LIMITED

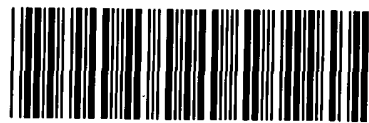
Company No. 05375397

**ACCURACY INTERNATIONAL LIMITED**

Directors' report and consolidated financial statements  
for the year ended

**31 DECEMBER 2016**

WEDNESDAY



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COMPANIES HOUSE

# ACCURACY INTERNATIONAL LIMITED

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# ACCURACY INTERNATIONAL LIMITED

## DIRECTORS AND ADVISERS

### Directors

Thomas Irwin  
David Walls

### Registered office

Belmont House  
Station Way  
Crawley  
West Sussex  
RH10 1JA

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### Bankers

Natwest Bank  
Commercial Road  
Portsmouth  
Hampshire  
PO1 1ES

### Auditors

Nexia Smith & Williamson  
Chartered Accountants and  
Statutory Auditor  
4<sup>th</sup> Floor  
Cumberland House  
15-17 Cumberland Place  
Southampton  
SO15 2BG

### Solicitors

Irwin Mitchell  
The Corn Exchange  
Baffins Lane  
Chichester  
West Sussex  
PO19 1GE

### Company's registered number

05375397

## STRATEGIC REPORT

The past five years' rifle production has significantly increased as a result of the facilities expansion during 2011 and the process improvement activities undertaken subsequently. The sales have continued in an upwards trend. Not only has there been an increase in output, we have seen an improvement in the quality of our components. There is less excess inventory due to the commonality of parts used within the range of products. Our process improvement activities continue and should be considered an integral part of our business and not a special project.

The demand for our products is still high and the future looks encouraging. As a result we are looking toward expanding our facilities in the UK and USA.

In the UK we are running out of space for machine shop, assembly and test, packing and shipping, office and car park. We need to look for an additional building in order to expand and that will be our focus going forward.

One of the biggest risks to our business in the USA was if Hillary Clinton were to have been elected. That was not the case and as a result any changes to the gun laws are unlikely to impact us.

In the USA we identified the need to have our own production and development test facility for rifles as we rely on using the local gun club at present. This is a potential risk to the business and under certain hot and cold conditions we are unable to test as it is an outdoor range. During August 2017 we acquired some land near Fredericksburg, VA and plan to build a 100 metre facility for rifle testing and proof testing. We also need to look at increased capacity for assembly and plan to lease a larger building.

The demand for our AX range of products high with our military customers and both AX and AT rifle systems are popular with Law Enforcement. The civilian market demand is growing for both AX and AT ranges.

The cash balance remains healthy as we have been enjoying continued demand and sales growth.

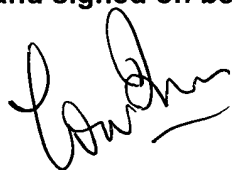
In summary, the business is healthy, stable and offers opportunity for growth.

## ACCURACY INTERNATIONAL LIMITED

### KPI's

	2016	2015
Return on capital employed	5%	4%
Gross margin	38%	38%
Operating profit percentage	3%	3%
Long term debt:equity ratio	0.03	0.03
Collection days	56	71
Purchases as a percentage of sales	42%	32%

Approved by the board of directors  
and signed on behalf of the board



Thomas Irwin  
Director

Date 25<sup>th</sup> September 2017

# ACCURACY INTERNATIONAL LIMITED

## DIRECTORS' REPORT

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

### Company's registered number

The company's registered number is 05375397.

### Principal activities

The group's principal activities are the manufacture and sale of sniper rifles and related products.

### Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by closely monitoring levels of debt whilst cash levels are reviewed on a weekly basis.

#### *Price risk*

The group is exposed to price risk due to normal inflationary increases in the purchase price of the goods and services it purchases. The group has no exposure to equity securities price risk as it holds no listed or other equity investments.

#### *Credit risk*

The group endeavours to limit its exposure to credit risk through the use of in-country agents and letters of credit where deemed appropriate. The amount of exposure to any individual counterparty is assessed on a case by case basis by the board.

#### *Liquidity risk*

The group actively maintains a mixture of long-term debt finance and cash funds that is designed to ensure the group has sufficient available funds for operations and planned expansions.

### Results for the year

The profit for the year after taxation was £334,742 (2015: £274,333).

### Statement of recommended dividend

After reviewing the financial statements and cash position of the company the Directors have recommended a dividend not be paid.

# ACCURACY INTERNATIONAL LIMITED

## DIRECTORS' REPORT (continued)

### Directors

The directors of the company who served throughout the year are:

Thomas Irwin  
David Walls

### Disclosure of information to the auditors

In the case of each person who was a director at the time this report was approved:

- so far as that director was aware there was no relevant available information of which the group's auditors were unaware; and
- that director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the group's auditors were aware of that information.

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

### Auditors

The current auditors, Nexia Smith & Williamson, are deemed to be reappointed as auditors.

**Approved by the board of directors  
and signed on behalf of the board**



**Thomas Irwin  
Director**

Date 25th September 2017

## ACCURACY INTERNATIONAL LIMITED

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Directors' Report, Strategic 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 including Financial Reporting Standard 102 "The Financial Reporting Standard in the UK and Republic of Ireland". 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 parent company and of the group and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the ongoing concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.





## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACCURACY INTERNATIONAL LIMITED**

We have audited the financial statements of Accuracy International Limited for the year ended 31 December 2016 which comprise the Consolidated Statement of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Parent Company Statements of Changes in Equity, and the related notes 1 to 26. 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 FRS102 "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 auditors' 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2016 and of the group's 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 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.
- The Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements

In light of the knowledge and understanding of the Group and Company and its environment obtained in the course of the audit, we have not identified material mis-statements in the Strategic Report or the Directors' Report.



**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.

A handwritten signature in black ink that reads "Nexia Smith &amp; Williamson".

Andrew Edmonds  
Senior Statutory Auditor, for and on behalf of  
**Nexia Smith & Williamson**  
Statutory Auditor  
Chartered Accountants

4<sup>th</sup> Floor  
Cumberland House  
15-17 Cumberland Place  
Southampton  
SO15 2BG

Date: 25<sup>th</sup> September 2017

# ACCURACY INTERNATIONAL LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 DECEMBER 2016

	Notes	2016 £	2015 £
<b>Turnover</b>	6	<b>13,224,624</b>	12,102,445
Cost of sales		<u>(8,168,317)</u>	<u>(7,552,746)</u>
<b>Gross profit</b>		<b>5,056,307</b>	4,549,699
Administrative expenses		<u>(4,619,965)</u>	<u>(4,194,076)</u>
<b>Operating profit</b>		<b>436,342</b>	355,623
Other interest receivable and similar income	9	<b>78,420</b>	22,429
Interest payable and similar charges	10	<u>(20,693)</u>	<u>(13,385)</u>
<b>Profit on ordinary activities before taxation</b>	7	<b>494,069</b>	364,667
Tax on profit on ordinary activities	12	<u>(159,327)</u>	<u>(90,334)</u>
<b>Profit for the financial year</b>		<b>334,742</b>	274,333
Net exchange differences on translation of net investments		<u>(196,169)</u>	<u>(46,020)</u>
<b>Total recognised gains and losses relating to the financial year</b>		<b>138,573</b>	228,313

The results in both the current and previous year relate to continuing operations.

# ACCURACY INTERNATIONAL LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2016

	Note	2016 £	2016 £	2015 £	2015 £
<b>Fixed assets</b>					
Property, plant and equipment	14		2,574,525		2,684,629
Intangible assets	13		153,450		198,254
			<b>2,727,975</b>		<b>2,882,883</b>
<b>Current assets</b>					
Inventories	16	3,184,428		2,310,316	
Receivables	17	3,389,164		2,534,967	
Cash		2,023,436		2,402,811	
		<b>8,597,028</b>		<b>7,248,094</b>	
<b>Payables:</b> amounts falling due within one year	18	<b>(2,946,154)</b>		<b>(1,868,124)</b>	
<b>Net current assets</b>			<b>5,650,874</b>		<b>5,379,970</b>
<b>Total assets less current liabilities</b>			<b>8,378,849</b>		<b>8,262,853</b>
<b>Payables:</b> amounts falling due after more than one year	19		<b>(235,110)</b>		<b>(257,894)</b>
<b>Provisions for liabilities</b>	20		<b>(148,360)</b>		<b>(148,153)</b>
<b>Net assets</b>			<b>7,995,379</b>		<b>7,856,806</b>
<b>Capital and reserves</b>					
Called up share capital	22		60,000		60,000
Capital redemption reserve			530,001		530,001
Retained earnings			7,405,378		7,266,805
<b>Shareholders' funds</b>			<b>7,995,379</b>		<b>7,856,806</b>

The financial statements were approved and authorised for issue by the Board of Directors on

25/9/17 and were signed on its behalf by:



**Thomas Irwin**  
Director

# ACCURACY INTERNATIONAL LIMITED

## COMPANY STATEMENT OF FINANCIAL POSITION as at 31 December 2016

	Note	2016 £	2016 £	2015 £	2015 £
<b>Fixed assets</b>					
Property, plant and equipment	14		2,525,654		2,625,426
Intangible assets	13		141,743		181,795
Investments	15		50,000		50,000
			<hr/>		<hr/>
			2,717,397		2,857,221
<b>Current assets</b>					
Inventories	16	2,749,512		1,792,347	
Receivables: amounts falling due within one year	17	1,851,136		1,586,233	
Receivables: amounts falling due after more than one year	17	1,767,597		2,746,052	
Cash		1,953,058		2,296,963	
			<hr/>		<hr/>
			8,321,303		8,421,595
<b>Payables:</b> amounts falling due within one year	18	(2,685,155)		(1,678,185)	
			<hr/>		<hr/>
<b>Net current assets</b>			5,636,148		6,743,410
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			8,353,545		9,600,631
			<hr/>		<hr/>
<b>Payables:</b> amounts falling due after more than one year	19		(235,110)		(257,894)
<b>Provisions for liabilities</b>	20		(148,360)		(148,153)
			<hr/>		<hr/>
<b>Net assets</b>			7,970,075		9,194,584
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	22		60,000		60,000
Capital redemption reserve			530,001		530,001
Retained earnings			7,380,074		8,604,583
			<hr/>		<hr/>
<b>Shareholders' funds</b>			7,970,075		9,194,584
			<hr/>		<hr/>

These financial statements were approved by the Board of Directors on 25/9/17 and were signed on its behalf by:



**Thomas Irwin**  
Director

# ACCURACY INTERNATIONAL LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended 31 December 2016

	2016 £	2015 £
<b>Cash flow from operating activities</b>		
Profit for the financial year	334,742	274,333
Adjustments for:		
Amortisation of intangible assets	76,799	64,611
Depreciation of property, plant and equipment	417,602	373,925
Profit on disposal of property, plant and equipment	(40,330)	(9,000)
Interest paid	20,693	13,385
Interest received	(2,406)	(2,889)
Taxation	232,801	(187,461)
(Increase)/decrease in inventories	(874,112)	557,531
(Increase)/decrease in trade and other receivables	(926,814)	443,236
Increase/(decrease) in trade payables	842,679	(845,788)
Increase in provisions	207	45,314
<b>Net cash generated from operating activities</b>	<b>81,861</b>	<b>727,197</b>
<b>Cash flow from investing activities</b>		
Proceeds from sale of property, plant and equipment	85,251	9,000
Purchase of property, plant and equipment	(352,419)	(337,428)
Purchase of intangible assets	(31,995)	(121,963)
Interest received	2,406	2,889
<b>Net cash from investing activities</b>	<b>(296,757)</b>	<b>(447,502)</b>
<b>Cash flows from financing activities</b>		
Repayment of bank loans	(41,110)	(225,084)
Repayment of finance lease obligations	(77,978)	(54,986)
Funds from new loan and finance leasing arrangements	171,471	178,209
Interest paid	(20,693)	(13,385)
Dividends paid	-	-
<b>Net cash used in financing activities</b>	<b>31,690</b>	<b>(115,246)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(183,206)</b>	<b>164,449</b>
Foreign exchange translation adjustment	(196,169)	(46,020)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,402,811</b>	<b>2,284,382</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,023,436</b>	<b>2,402,811</b>

# ACCURACY INTERNATIONAL LIMITED

## STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2016

Group	Share Capital	Capital Redemption Reserve	Profit & loss account	Total
	£	£	£	£
<b>As at 1 January 2015</b>	60,000	530,001	7,068,492	7,658,493
Profit for the year	-	-	274,333	274,333
Foreign exchange translation difference	-	-	(46,020)	(46,020)
Total comprehensive income for the year	-	-	228,313	228,313
Dividends paid	-	-	(30,000)	(30,000)
<b>As at 31 December 2015</b>	<b>60,000</b>	<b>530,001</b>	<b>7,266,805</b>	<b>7,856,806</b>
Profit for the year	-	-	334,742	334,742
Foreign exchange translation difference	-	-	(196,169)	(196,169)
Total comprehensive income for the year	-	-	<b>138,573</b>	<b>138,573</b>
<b>As at 31 December 2016</b>	<b>60,000</b>	<b>530,001</b>	<b>7,405,378</b>	<b>7,995,379</b>

Company	Share Capital	Capital Redemption Reserve	Profit & loss account	Total
	£	£	£	£
<b>As at 1 January 2015</b>	60,000	530,001	8,115,612	8,705,613
Profit and total comprehensive income for the year	-	-	518,971	518,971
Dividends paid	-	-	(30,000)	(30,000)
<b>As at 31 December 2015</b>	<b>60,000</b>	<b>530,001</b>	<b>8,604,583</b>	<b>9,194,584</b>
Profit and total comprehensive income for the year	-	-	(1,224,509)	(1,224,509)
<b>As at 31 December 2016</b>	<b>60,000</b>	<b>530,001</b>	<b>7,380,074</b>	<b>7,970,075</b>

**ACCURACY INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER**  
**2016 (continued)**

**1. Company Information**

Accuracy International Limited (The Company) is a private limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Belmont House, Station Way, Crawley, West Sussex, RH10 1JA.

**2. Basis of preparation**

The Group and individual financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) and with the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Based on group profit for the year of £334,742 and group net assets of £7,995,379 (company net assets: £7,970,075) the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

The financial statements are presented in Sterling (£).

As permitted by section 408(3) of the Companies Act 2006, the parent company's income statement has not been included in these financial statements. The parent company's loss for the year was £1,224,509 (2015: Profit of £488,566).

**3. Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its wholly owned subsidiary undertaking made up to 31 December 2016. The acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired or disposed of in the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

**4. Significant judgements and estimates**

Preparation of the financial statements requires management to make significant judgements and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date and that affect the reported amounts of revenue and expenses during the reporting period. In this regard, the Directors believe that the critical accounting policy where judgements and estimations are necessarily applied are within stock valuation and provision for slow moving stock. Each year a review of stock is performed to determine any parts that have not been used within production during the preceding two years and a provision for slow moving stock is created. Parts are also provided for if they have been superseded and will no longer be used in production or if they relate to an item that is no longer going to be manufactured.



**ACCURACY INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER**  
**2016 (continued)**

**5. Principal accounting policies**

The principal accounting policies are set out below and have been consistently applied throughout the year.

**a) Turnover**

Turnover is measured at fair value of the consideration received or receivable and represents the amounts receivable for goods and services supplied to customers in the normal course of business, net of trade discounts, Federal Excise Tax and VAT. The principal turnover stream of the Group is the manufacturing and sale of sniper rifles and their associated spares and accessories.

Sales of goods are recognised on despatch of goods.

Revenue arising from the provision of services is recognised when and to the extent that the Group obtains the right to consideration in exchange for the performance of its contractual obligations.

**b) Employee benefits**

**i) Short Term benefits**

Short term employee benefits, including holiday pay and non-monetary benefits are recognised as an expense in the Statement of Comprehensive Income when the service is received.

**ii) Pension costs**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. Any outstanding amounts at the period end are presented within payables.

**c) Goodwill**

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. The useful life is estimated at 5 years.

**d) Computer Software**

Under FRS 102 purchased computer software is now recognised as an intangible asset. It is initially measured at cost and is amortised on a straight line basis over its expected useful life of five years. Cost includes the original purchase price of the asset together with those costs necessary to bring the asset to its working condition for its intended use.

**ACCURACY INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER**  
**2016 (continued)**

**e) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation or any impairment loss. Cost includes the original purchase price and any costs attributable to bringing the asset to its working condition for its intended use.

Land is not depreciated. Property, plant and equipment are depreciated on a straight line basis to their estimated residual values over their estimated useful lives as follows:

Freehold buildings	-	50 years
Leasehold buildings & fixtures	-	Period of the lease
Fixtures, fittings, tools & equipment	-	5 years
Plant & machinery	-	5 years

Residual values and useful lives are reviewed, and adjusted if necessary, at each balance sheet date.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**f) Borrowing costs**

Borrowing costs are recognised in the Statement of Comprehensive Income as incurred.

**g) Leased assets**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Assets held under finance leases are included in property, plant and equipment and the capital element of the related lease commitment is shown as obligations under finance lease within payables. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit over the period of the lease.

Operating lease costs are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease.

The company has taken advantage of the transitional relief available for lease incentives and where a lease commenced before the date of transition, the remaining benefit of the lease incentive continues to be recognised in accordance with previous UK GAAP. Lease incentives are credited to the Statement of Comprehensive Income on a straight line basis over the term of the lease until the first rent review.

Rentals payable under operating leases are charged to Statement of Comprehensive Income on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into the operating lease are also spread on a straight line basis over the lease term.

**h) Inventories**

Inventories are stated at the lower of cost, using the first in first out (FIFO) method and net realisable value after making due allowance for obsolete and slow moving items. In determining the cost of raw materials, consumables and goods purchased for resale, the standard cost is used, being the purchase price and an appropriate proportion of attributable overhead. Net realisable value represents the estimated selling price less the estimated costs of disposal. At the end of each reporting period inventories are assessed

**ACCURACY INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER**  
**2016 (continued)**

for impairment and a slow moving provision is created for parts that have not been used in production within the previous two years.

**i) Financial Instruments**

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classed as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and short term bank deposits.

Interest bearing bank loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate.

**j) Foreign currencies**

Transactions denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at that date. All exchange differences are dealt with in the Statement of Comprehensive Income.

The assets and liabilities of the overseas subsidiary undertaking are translated at the closing exchange rate. The profit and loss account of the undertaking is consolidated at the average rates of exchange during the year. Gains and losses arising on these transactions are recognised in other comprehensive income and are not reclassified to profit and loss.

**k) Taxation**

The tax expense recognised in the Statement of Comprehensive Income is the aggregate of current and deferred tax recognised in the reporting period.

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or previous reporting periods.

Deferred tax is recognised in respect of all material timing differences at the balance sheet date.

Deferred tax assets are only 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 calculated 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 differences.

**ACCURACY INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER**  
**2016 (continued)**

**l) Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

The Group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next three months. The provision is measured at salary cost payable for the period of absence.

**m) Research and Development**

Research and development costs are written off to the consolidated Statement of Comprehensive Income as they are incurred.

**ACCURACY INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER**  
**2016 (continued)**

**6. Turnover**

*Turnover, analysed geographically between markets, was as follows:*

<b>Group</b>	<b>2016 £</b>	<b>2015 £</b>
United Kingdom	<b>2,267,718</b>	2,693,443
USA	<b>4,107,841</b>	4,385,843
European Union	<b>2,065,501</b>	1,258,305
Rest of the World	<b>4,783,564</b>	3,764,854
	<b>13,224,624</b>	12,102,445

<b>Company</b>	<b>2016 £</b>	<b>2015 £</b>
United Kingdom	<b>2,267,718</b>	2,693,443
USA	<b>2,220,911</b>	2,805,016
European Union	<b>2,065,501</b>	1,258,305
Rest of the World	<b>4,783,564</b>	3,764,854
	<b>11,337,694</b>	10,521,618

**7. Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after charging:

	<b>2016 £</b>	<b>2015 £</b>
Auditor's remuneration:		
Fees payable for the audit of the company's annual accounts	<b>30,000</b>	27,000
Fees payable for other services		
Audit of the accounts of the subsidiary		
Tax compliance services	<b>4,200</b>	4,200
Depreciation and other amounts written off property, plant & machinery:		
Owned	<b>335,300</b>	325,365
Leased	<b>82,302</b>	48,560
Amortisation of intangible fixed assets	<b>76,799</b>	64,611
Foreign exchange profits	<b>395,697</b>	74,067
Other operating lease rentals	<b>96,586</b>	96,372
Research and development expense	<b>44,725</b>	13,286

**ACCURACY INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER**  
**2016 (continued)**

**8. Directors and employees**

Staff costs during the year were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>3,668,996</b>	3,337,656
Social security costs	<b>325,067</b>	294,612
Other pension costs	<b>88,652</b>	56,587
	<b><u>4,082,715</u></b>	<u>3,688,855</u>

The company operates a stakeholder defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pension provider. Pension payments recognised as an expense during the year amount to £88,652 (2015: £56,587). Contributions amounting to £nil (2015: £nil) were outstanding at the end of the year.

The average number of employees of the group during the year was:

	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
Overhead	<b>23</b>	22
Direct	<b>56</b>	58
	<b><u>79</u></b>	<u>80</u>

Remuneration in respect of directors who are the Group's key management personnel was as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Emoluments	<b>1,079,009</b>	1,021,047
Pension contributions	<b>12,518</b>	11,747
	<b><u>1,091,527</u></b>	<u>1,032,794</u>

During the year 1 director (2015:1) participated in the defined contribution pension scheme

The amounts set out above include remuneration in respect of the highest paid director as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Emoluments	<b>600,514</b>	551,837
Pension contributions	<b>12,518</b>	11,747
	<b><u>613,032</u></b>	<u>563,584</u>

**ACCURACY INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER**  
**2016 (continued)**

**9. Other interest receivable and similar income**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Net exchange gains	<b>76,014</b>	19,540
Interest receivable	<b>2,406</b>	2,889
	<b><u>78,420</u></b>	<b><u>22,429</u></b>

**10. Interest payable and similar charges**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	<b>11,267</b>	9,607
Finance charges payable in respect of finance leases and hire purchase contracts	<b>9,426</b>	3,778
	<b><u>20,693</u></b>	<b><u>13,385</u></b>

**11. Dividends**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Final dividend paid	-	-
Final dividend proposed	-	30,000

**ACCURACY INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2016**  
**(continued)**

**12. Taxation**

<i>Analysis of charge in period</i>				
	2016		2015	
	£	£	£	£
UK Corporation tax on income for the period	127,668		52,753	
Adjustments in respect of prior years	(502)		(1,497)	
Overseas taxation	31,954		-	
Total current tax		159,120		51,256
<i>Deferred tax (see note 20)</i>				
Origination/reversal of timing differences	6,735		45,666	
Adjustment in respect of previous years	(1)		1,393	
Effect of tax rate change on opening balance	(6,527)		(7,981)	
Total deferred tax		207		39,078
Tax on profit on ordinary activities		159,327		90,334

*Factors affecting the tax charge for the current period*

The current tax charge for the period is higher (2015: higher) than the standard rate of corporation tax in the UK 20% (2015: 20.25%). The differences are explained below.

	2016	2015
	£	£
<b>Reconciliation of tax charge</b>		
Profit on ordinary activities before tax	494,069	364,667
Current tax at 20% (2015: 20.25%)	98,814	73,833
<i>Effects of:</i>		
Expenses not deductible for tax purposes	418,432	24,586
Other timing differences	5,956	(14,789)
Small company relief	-	(301)
Net difference between capital allowances and depreciation	(52,130)	(36,816)
Adjustments to tax charge in respect of prior years	(502)	(1,497)
Overseas taxation	31,954	-
Unrecognised losses relating to Accuracy International of North America	(343,197)	45,318
Total tax charge (see above)	127,373	90,334



**ACCURACY INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2016**  
**(continued)**

**13. Intangible fixed assets**

<b>Group</b>	<b>Software Costs £</b>	<b>Goodwill £</b>	<b>Total £</b>
<b>Cost</b>			
At beginning of year	503,598	129,839	633,437
Exchange movements	13,732	-	13,732
Additions	18,263	-	18,263
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At end of year	535,593	129,839	665,432
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At beginning of year	305,344	129,839	435,183
Exchange movements	11,286	-	11,286
Charge for year	65,513	-	65,513
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At end of year	382,143	129,839	511,9822
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
<b>At 31 December 2016</b>	<b>153,450</b>	<b>-</b>	<b>153,450</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2015	198,254	-	198,254
	<hr/>	<hr/>	<hr/>

Amortisation of intangible fixed assets is included in administrative expenses.

**ACCURACY INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2016**  
**(continued)**

**Intangible fixed assets** *(continued)*

**Company**

	<b>Software Costs</b>	<b>Goodwill</b>	<b>Total</b>
	£	£	£
<b>Cost</b>			
At beginning of year	438,853	129,839	568,692
Additions	18,263	-	18,263
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At end of year	457,116	129,839	586,955
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At beginning of year	257,058	129,839	386,897
Charge for year	58,315	-	58,315
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At end of year	315,373	129,839	445,212
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
<b>At 31 December 2016</b>	<b>141,743</b>	<b>-</b>	<b>141,743</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2015	181,795	-	181,795
	<hr/>	<hr/>	<hr/>

Amortisation of intangible fixed assets is included in administrative expenses.

**ACCURACY INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2016**  
**(continued)**

**14. Property, plant and equipment**

<b>Group</b>	<b>Land and buildings £</b>	<b>Plant and machinery £</b>	<b>Fixtures, fittings, tools and equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At beginning of year	2,524,599	1,954,858	388,654	4,868,111
Exchange movements	15,032	16,924	13,357	45,313
Additions	10,243	279,862	17,001	307,106
Disposals	-	(187,789)	-	(187,789)
At end of year	2,549,874	2,063,855	419,012	5,032,741
<b>Depreciation</b>				
At beginning of year	536,806	1,358,842	287,834	2,183,482
Exchange movements	15,032	8,744	11,471	35,247
Charge for year	83,382	256,054	42,919	382,355
Disposals	-	(142,868)	-	(142,868)
At end of year	635,220	1,480,772	342,224	2,458,216
<b>Net book value</b>				
<b>At 31 December 2016</b>	<b>1,914,654</b>	<b>583,083</b>	<b>76,788</b>	<b>2,574,525</b>
At 31 December 2015	1,987,793	596,016	100,820	2,684,629

Included in the total net book value of plant and machinery is £209,073 (2015: £205,425) in respect of assets held under finance leases. Depreciation for the year on these assets was £82,302 (2015: £48,560). The finance leases all relate to the Company.

Included within freehold property is land of £46,102 (2015: £46,102), which is not depreciated.

**ACCURACY INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2016**  
**(continued)**

**Property, plant and equipment (continued)**

<b>Company</b>	<b>Land and buildings £</b>	<b>Plant and machinery £</b>	<b>Fixtures, fittings, tools and equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At beginning of year	2,453,723	1,873,783	326,956	4,654,462
Additions	10,243	279,862	17,001	307,106
Disposals	-	(187,789)	-	(187,789)
At end of year	2,463,966	1,965,856	343,957	4,773,779
<b>Depreciation</b>				
At beginning of year	465,933	1,326,610	236,493	2,029,036
Charge for year	83,382	239,599	38,976	361,957
Disposals	-	(142,868)	-	(142,868)
At end of year	549,315	1,423,341	275,469	2,248,125
<b>Net book value</b>				
<b>At 31 December 2016</b>	<b>1,914,651</b>	<b>542,515</b>	<b>68,488</b>	<b>2,525,654</b>
At 31 December 2015	1,987,790	547,173	90,463	2,625,426

Included in the total net book value of plant and machinery is £209,073 (2015: £205,425) in respect of assets held under finance leases. Depreciation for the year on these assets was £82,302 (2015: £48,560).

Included within freehold property is land of £46,102 (2015: £46,102), which is not depreciated.

**ACCURACY INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2016**  
**(continued)**

**15. Investments**

	Country of Incorporation	Principal Activity	Class and percentage of shares held
<i>Subsidiary undertaking</i>			
Accuracy International of North America	USA	Sale of weapons and related products	100% ordinary

Registered office: 1111 N Northshore Drive, Knoxville, Tennessee 37919

The carrying cost of this investment was £50,000 (2015: £50,000).

**16. Inventories**

	Group 2016	2015	Company 2016	2015
	£	£	£	£
Work in progress	355,291	213,216	331,219	207,199
Finished goods and raw materials	2,829,137	2,097,100	2,418,293	1,585,148
	<u>3,184,428</u>	<u>2,310,316</u>	<u>2,749,512</u>	<u>1,792,347</u>

Stock recognised in cost of sales during the year as an expense was £6,592,360 (2015: £5,620,104)

An impairment loss of £415,057 (2015: £325,611) was recognised in cost of sales against stock during the year due to slow moving and obsolete stock being provided for.

**17. Receivables: amounts falling due within one year**

	Group 2016	2015	Company 2016	2015
	£	£	£	£
Trade debtors	2,778,152	2,049,301	1,345,495	1,199,663
Other debtors	355,785	214,385	354,274	204,355
Corporation tax	-	72,617	-	72,617
Prepayments and accrued income	255,227	198,664	151,367	109,598
	<u>3,389,164</u>	<u>2,534,967</u>	<u>1,851,136</u>	<u>1,586,233</u>

**Receivables: amounts falling due after one year**

Amounts due from group companies	<u>-</u>	<u>-</u>	<u>1,767,597</u>	<u>2,746,052</u>
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**ACCURACY INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2016**  
**(continued)**

**18. Payables: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<b>112,543</b>	68,634	<b>112,543</b>	68,634
Obligations under finance leases and hire purchase contracts	<b>88,719</b>	57,461	<b>88,719</b>	57,461
Payments received on account	-	44,966	-	44,966
Trade payables	<b>1,115,008</b>	959,768	<b>981,475</b>	876,021
Taxation and social security	<b>188,339</b>	208,104	<b>123,267</b>	114,758
Corporation tax	<b>160,184</b>	-	<b>127,668</b>	-
Other payables	<b>4,113</b>	69,452	<b>500</b>	69,016
Accruals and deferred income	<b>1,277,248</b>	459,739	<b>1,250,983</b>	447,329
	<b>2,946,154</b>	1,868,124	<b>2,685,155</b>	1,678,185

**19. Payables: amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<b>160,976</b>	160,473	<b>160,976</b>	160,473
Obligations under finance leases	<b>74,134</b>	97,421	<b>74,134</b>	97,421
	<b>235,110</b>	257,894	<b>235,110</b>	257,894

The maturity of obligations under finance leases contracts is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Within one year	<b>88,719</b>	57,461	<b>88,719</b>	57,461
Between one and five years	<b>74,134</b>	97,421	<b>74,134</b>	97,421
	<b>162,853</b>	154,882	<b>162,853</b>	154,882

The maturity of obligations under the bank loan is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Repayable by instalments:				
Within one year	<b>112,543</b>	68,634	<b>112,543</b>	68,634
In the second to fifth years	<b>160,976</b>	160,473	<b>160,976</b>	160,473
Over five years	-	-	-	-
	<b>273,519</b>	229,107	<b>273,519</b>	229,107

The bank loans are secured against the land and property in Portsmouth. The US dollar loan is payable over 9 years at an interest rate of 2.125% pa above LIBOR and the Euro loan is payable over 3 years at an interest rate of 3.25% pa over LIBOR.

**ACCURACY INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2016**  
**(continued)**

**20. Provisions for liabilities**

	Provision for reinstatement £	Deferred taxation £	Total £
<b>Group and Company</b>			
At 1 January 2016	30,661	117,492	148,153
Adjustments in respect of prior periods	-	(1)	(1)
Charge to the profit and loss account	-	208	208
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2016</b>	<b>30,661</b>	<b>117,699</b>	<b>148,360</b>
	<hr/>	<hr/>	<hr/>

All the deferred tax relates to the difference between accumulated depreciation and amortisation and capital allowances. All deferred tax is held within Accuracy International Ltd.

The company has made a provision for expected dilapidations, being a time-based proportion of the best estimate of the expected cost of returning the buildings to their original condition at the end of the lease.

**21. Called up share capital**

<b>Group and Company</b>	<b>2016 £</b>	<b>2015 £</b>
<b>Authorised</b>		
Ordinary shares of £1 each	100,000	100,000
10 % cumulative redeemable preference shares of £1 each	750,000	750,000
	<hr/>	<hr/>
	<b>850,000</b>	<b>850,000</b>
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	60,000	60,000
	<hr/>	<hr/>

**22. Reserves**

Called-up share capital – represents the nominal value of shares that have been issued.

Capital redemption reserve - represents the nominal value of preference shares and ordinary shares redeemed by the company and is a non-distributable reserve.

Foreign exchange translation reserve – comprises translation differences arising from the translation of financial statements of the Group's subsidiary undertaking into Sterling (£).

Profit and loss account – includes all current and prior period retained profits and losses.

**ACCURACY INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2016**  
**(continued)**

**23. Leasing commitments**

<i>The Group's future minimum operating lease payments are as follows:</i>	<b>2016</b>	2015
	£	£
Within one year	<b>81,986</b>	94,980
Between one and five years	<b>214,147</b>	244,000
Over five years	-	7,625
	<b>296,133</b>	346,605

At the period end the Group had lease agreements in place on properties with fixed rentals over the term of the lease.

*The Group's future minimum finance lease payments are as follows:*

Within one year	<b>95,143</b>	64,191
Between one and five years	<b>76,235</b>	96,287
	<b>171,378</b>	160,478

*The Company's future minimum finance lease payments are as follows:*

Within one year	<b>95,143</b>	64,191
Between one and five years	<b>76,235</b>	96,287
	<b>171,378</b>	160,478

Certain plant and machinery are held under finance lease arrangements. Finance lease liabilities are secured by the related assets held under finance leases. The lease agreements include fixed lease payments and a purchase option at the end of the lease.

**24. Controlling Party**

The Company is privately owned and has no overall controlling shareholder.



**ACCURACY INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2016**  
**(continued)**

**25. Related Party Transactions**

The company has taken advantage of the exemptions contained in FRS 102 "Related Party Transactions" by not disclosing transactions with wholly-owned members of the group.

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Sales to associates	-	4,476
Purchases from associates	886,628	151,252
Trade debtor amounts due from associates	-	186
Trade creditor amounts due to associates	76,191	23,805
Key management personnel compensation	1,091,527	1,032,794
Dividends paid to directors	20,000	20,000

Amounts were billed under normal market rates and were due and payable under normal payment terms.

**26. Events after the End of the Reporting Period**

In August 2017 Accuracy International purchased land at Bowling Green Virginia for the production of a test facility. The land cost \$139,949.