

COMPANY REGISTRATION NUMBER: 09130405

COMPANIES HOUSE COPY

Metallisation Holdings Limited

Financial Statements

31 December 2015



MURAS BAKER JONES LIMITED

Chartered Accountants & statutory auditor

Regent House

Bath Avenue

Wolverhampton

West Midlands

WV1 4EG

Metallisation Holdings Limited

Financial Statements

Year ended 31 December 2015

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Metallisation Holdings Limited

Officers and Professional Advisers

The board of directors

P J Silcox
R V C Hill
S A Barker
T P Lester
S Milton
M J Clayton

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 Holdings Limited

Strategic Report

Year ended 31 December 2015

Principal activity

The principal activity of the company is that of a holding company. The principal activity of the group is the manufacture of thermal spray equipment and the distribution of thermal spray consumables.

Review of business, development and performance

During 2015 the group, through its trading subsidiary, has continued the strategic policies of developing both new overseas markets and a full product range of high quality thermal spray equipment backed up by the highest standards of customer service. The group 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 2015 show a full 12 months of trading following the acquisition of the subsidiary during 2014, with turnover levels now at £13m. A change in sales mix together with an increase in production efficiency has resulted in an increase in profit margins. Administration expenses have also been carefully monitored. As a result the group has achieved a profit for the financial year of £1.292m. Exports, to over 70 different countries, continue to comprise over 80% of turnover.

The directors consider that the group has a strong balance sheet and in spite of some difficult trading conditions and intense competition around the globe, is well placed to achieve further growth in 2016 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 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 respect of certain sales and purchases being in foreign currencies. The risk is managed by forward purchasing of currency where considered applicable.

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

This report was approved by the board of directors on 21 April 2016 and signed on behalf of the board by:



S Milton

Director

Metallisation Holdings Limited

Directors Report

Year ended 31 December 2015

The directors present their report and the financial statements of the group for the year ended 31 December 2015.

Directors

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

P J Silcox

R V C Hill

S A Barker

T P Lester

S Milton

M J Clayton

(Appointed 17 December 2015)

J K Erskine

(Resigned 6 November 2015)

Dividends

Particulars of recommended dividends are detailed in note 12 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.

The acquisition of subsidiary company in 2014 was financed through the issuing of equity together with financial liabilities in the form of loan notes and bank loans as detailed in the notes to the financial statements.

Disclosure of information in the strategic report

The directors have prepared a separate strategic report in accordance with the requirements of section 414 of the 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 group and the company and the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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.

Metallisation Holdings Limited

Directors Report *(continued)*

Year ended 31 December 2015

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 group and 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 group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 21 April 2016 and signed on behalf of the board by:



S Milton

Director

Metallisation Holdings Limited

Independent Auditor's Report to the Shareholders of Metallisation Holdings Limited

Year ended 31 December 2015

We have audited the financial statements of Metallisation Holdings Limited for the year ended 31 December 2015 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 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 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.

Metallisation Holdings Limited

Independent Auditor's Report to the Shareholders of Metallisation Holdings Limited *(continued)*

Year ended 31 December 2015

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.

Oliver Ross BSC(HONS) FCA (Senior Statutory Auditor)

For and on behalf of
Muras Baker Jones Limited
Chartered Accountants & statutory auditor

Regent House
Bath Avenue
Wolverhampton
West Midlands
WV1 4EG

21 April 2016

Metallisation Holdings Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2015

		Year to 31 Dec 15 £	Period from 15 Jul 14 to 31 Dec 14 £
Turnover	Note 3	13,018,238	3,512,318
Cost of sales		<u>9,401,668</u>	<u>2,616,021</u>
Gross profit		3,616,570	896,297
Distribution costs		228,090	81,673
Administrative expenses		2,200,294	384,746
Other operating income	4	<u>44,924</u>	<u>10,305</u>
Operating profit	5	1,233,110	440,183
Interest receivable		750	50
Interest payable	9	<u>407,012</u>	<u>129,192</u>
Profit on ordinary activities before taxation		826,848	311,041
Taxation on ordinary activities	10	<u>162,189</u>	<u>35,369</u>
Profit for the financial year and total comprehensive income		<u>664,659</u>	<u>275,672</u>

All the activities of the group are from continuing operations.

The notes on pages 13 to 24 form part of these financial statements.

Metallisation Holdings Limited

Consolidated Statement of Financial Position

31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Intangible assets	13	8,787,738	9,415,434
Tangible assets	14	<u>704,492</u>	<u>730,127</u>
		9,492,230	10,145,561
Current assets			
Stocks	16	1,591,639	1,922,896
Debtors	17	2,213,699	2,450,284
Cash at bank and in hand	18	<u>662,371</u>	<u>269,375</u>
		4,467,709	4,642,555
Creditors: amounts falling due within one year	19	<u>2,891,390</u>	<u>3,095,181</u>
Net current assets		<u>1,576,319</u>	<u>1,547,374</u>
Total assets less current liabilities		11,068,549	11,692,935
Creditors: amounts falling due after more than one year	20	6,899,761	8,170,598
Provisions			
Taxation including deferred tax	22	<u>80,000</u>	<u>80,000</u>
Net assets		<u>4,088,788</u>	<u>3,442,337</u>
Capital and reserves			
Called up share capital	24	196,665	196,665
Share premium account	25	2,970,000	2,970,000
Profit and loss account	25	<u>922,123</u>	<u>275,672</u>
Shareholders funds		<u>4,088,788</u>	<u>3,442,337</u>

These financial statements were approved by the board of directors and authorised for issue on 21 April 2016, and are signed on behalf of the board by:



P J Silcox

Director

Company registration number: 09130405

The notes on pages 13 to 24 form part of these financial statements.

Metallisation Holdings Limited

Company Statement of Financial Position

31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Investments	15	12,525,095	12,525,095
Current assets			
Debtors	17	25,000	25,000
Cash at bank and in hand	18	2,754	10,937
		<u>27,754</u>	<u>35,937</u>
Creditors: amounts falling due within one year	19	<u>2,486,423</u>	<u>1,223,769</u>
Net current liabilities		<u>2,458,669</u>	<u>1,187,832</u>
Total assets less current liabilities		<u>10,066,426</u>	<u>11,337,263</u>
Creditors: amounts falling due after more than one year	20	<u>6,899,761</u>	<u>8,170,598</u>
Net assets		<u><u>3,166,665</u></u>	<u><u>3,166,665</u></u>
Capital and reserves			
Called up share capital	24	196,665	196,665
Share premium account	25	2,970,000	2,970,000
Shareholders funds		<u><u>3,166,665</u></u>	<u><u>3,166,665</u></u>

These financial statements were approved by the board of directors and authorised for issue on 21 April 2016, and are signed on behalf of the board by:



P J Silcox

Director

Company registration number: 09130405

The notes on pages 13 to 24 form part of these financial statements.

Metallisation Holdings Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2015

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 15 July 2014	–	–	–	–
Profit for the year			275,672	275,672
Total comprehensive income for the year	–	–	275,672	275,672
Issue of shares	196,665	2,970,000	–	3,166,665
Total investments by and distributions to owners	196,665	2,970,000	–	3,166,665
At 31 December 2014	196,665	2,970,000	275,672	3,442,337
Profit for the year			664,659	664,659
Total comprehensive income for the year	–	–	664,659	664,659
Dividends paid and payable	12	–	(18,208)	(18,208)
Total investments by and distributions to owners	–	–	(18,208)	(18,208)
At 31 December 2015	<u>196,665</u>	<u>2,970,000</u>	<u>922,123</u>	<u>4,088,788</u>

The notes on pages 13 to 24 form part of these financial statements.

Metallisation Holdings Limited

Company Statement of Changes in Equity

Year ended 31 December 2015

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 15 July 2014	-	-	-	-
Profit for the year			-	-
Issue of shares	196,665	2,970,000	-	3,166,665
Total investments by and distributions to owners	196,665	2,970,000	-	3,166,665
At 31 December 2014	196,665	2,970,000	-	3,166,665
Profit for the year			18,208	18,208
Total comprehensive income for the year	-	-	18,208	18,208
Dividends paid and payable 12	-	-	(18,208)	(18,208)
Total investments by and distributions to owners	-	-	(18,208)	(18,208)
At 31 December 2015	196,665	2,970,000	-	3,166,665

The notes on pages 13 to 24 form part of these financial statements.

Metallisation Holdings Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2015

	Note	2015 £	2014 £
Cash flows from operating activities			
Profit for the financial year		664,659	275,672
<i>Adjustments for:</i>			
Depreciation of tangible assets		137,921	38,424
Amortisation of intangible assets		627,696	–
Interest receivable		(750)	(50)
Interest payable		407,012	129,192
Loss on disposal of tangible assets		–	171
Taxation on ordinary activities		162,189	35,369
Accrued expenses		257,057	305,970
<i>Changes in:</i>			
Stocks		331,257	(1,922,896)
Trade and other debtors		236,585	(2,450,284)
Trade and other creditors		(179,998)	7,082,752
Cash generated from operations		2,643,628	3,494,320
Interest paid		(407,012)	(129,192)
Interest received		750	50
Tax (paid)/received		(109,189)	281,631
Net cash from operating activities		<u>2,128,177</u>	<u>3,646,809</u>
Cash flows from investing activities			
Purchase of tangible assets		(112,286)	(768,551)
Proceeds from sale of tangible assets		–	(171)
Purchase of intangible assets		–	(9,415,434)
Net cash used in investing activities		<u>(112,286)</u>	<u>(10,184,156)</u>
Cash flows from financing activities			
Proceeds from issue of ordinary shares		–	3,136,665
Proceeds from issue of other equity instrument		–	30,000
Proceeds from borrowings		(1,575,000)	3,325,000
Dividends paid		(18,208)	–
Net cash (used in)/from financing activities		<u>(1,593,208)</u>	<u>6,491,665</u>
Net increase/(decrease) in cash and cash equivalents		422,683	(45,682)
Cash and cash equivalents at beginning of year		(45,682)	–
Cash and cash equivalents at end of year	18	<u>377,001</u>	<u>(45,682)</u>

The notes on pages 13 to 24 form part of these financial statements.

Metallisation Holdings Limited

Notes to the Financial Statements

Year ended 31 December 2015

1. 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'.

2. Accounting policies

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.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 15 July 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 29.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The consolidated financial statements incorporate the results of the company and all of its subsidiary undertakings as at 31 December 2015 using the acquisition method of accounting as required. The results of subsidiary undertakings are included from the date of acquisition. As a consolidated profit and loss is published, a separate profit and loss account for the parent is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Goodwill is capitalised and amortised through the profit and loss account over its useful economic life. Impairment tests on the carrying value of goodwill are undertaken at the end of the first full financial year following acquisition, and in other periods, if events or changes in circumstances indicate that the carrying value may not be recoverable.

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.

Metallisation Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

2. Accounting policies *(continued)*

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.

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.

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.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	Over 15 years
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

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.

Metallisation Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

2. Accounting policies *(continued)*

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

Investments

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

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

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.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

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.

Metallisation Holdings Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2015

2. Accounting policies (continued)

Provisions (continued)

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.

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.

3. Turnover

Turnover arises from:

	Year to 31 Dec 15 £	Period from 15 Jul 14 to 31 Dec 14 £
Sale of goods	<u>13,018,238</u>	<u>3,512,318</u>

The total turnover of the group for the period 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 group.

4. Other operating income

	Year to 31 Dec 15 £	Period from 15 Jul 14 to 31 Dec 14 £
Commission receivable	29,937	6,353
Other operating income	<u>14,987</u>	<u>3,952</u>
	<u>44,924</u>	<u>10,305</u>

Metallisation Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

5. Operating profit

Operating profit or loss is stated after charging:

	Year to 31 Dec 15	Period from 15 Jul 14 to 31 Dec 14
	£	£
Amortisation of intangible assets	627,696	-
Depreciation of tangible assets	137,921	38,424
Loss on disposal of tangible assets	-	171
Foreign exchange differences	(72,729)	(13,386)
Defined contribution plans expense	15,804	(4,529)
Exceptional item - director employment termination costs	45,226	-

6. Auditor's remuneration

	Year to 31 Dec 15	Period from 15 Jul 14 to 31 Dec 14
	£	£
Fees payable for the audit of the financial statements	12,600	3,563

7. Particulars of employees

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

	2015 No	2014 No
Production staff	22	21
Administrative staff	22	22
Promotion staff	-	2
	<u>44</u>	<u>45</u>

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

	Year to 31 Dec 15	Period from 15 Jul 14 to 31 Dec 14
	£	£
Wages and salaries	1,659,116	499,050
Social security costs	191,598	58,223
Other pension costs	15,804	(4,529)
	<u>1,866,518</u>	<u>552,744</u>

Metallisation Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

8. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	Year to 31 Dec 15	Period from 15 Jul 14 to 31 Dec 14
	£	£
Remuneration	397,202	158,887
Compensation for loss of office	30,000	–
	<u>427,202</u>	<u>158,887</u>

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

	Year to 31 Dec 15	Period from 15 Jul 14 to 31 Dec 14
	£	£
Aggregate remuneration	<u>78,164</u>	<u>27,802</u>

9. Interest payable

	Year to 31 Dec 15	Period from 15 Jul 14 to 31 Dec 14
	£	£
Interest on banks loans and overdrafts	102,849	41,929
Other interest payable and similar charges	304,163	87,263
	<u>407,012</u>	<u>129,192</u>

10. Taxation on ordinary activities

Major components of tax expense

	Year to 31 Dec 15	Period from 15 Jul 14 to 31 Dec 14
	£	£
Current tax:		
UK current tax expense	290,000	148,237
Adjustments in respect of prior periods	(127,811)	(112,868)
Total current tax	<u>162,189</u>	<u>35,369</u>
Taxation on ordinary activities	<u>162,189</u>	<u>35,369</u>

Metallisation Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

10. Taxation on ordinary activities *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2014: lower than) the standard rate of corporation tax in the UK of 20% (2014: 21.50%).

	Year to 31 Dec 15 £	Period from 15 Jul 14 to 31 Dec 14 £
Profit on ordinary activities before taxation	826,848	311,041
Profit on ordinary activities by rate of tax	165,370	66,874
Adjustment to tax charge in respect of prior periods	(3,547)	1,718
Effect of expenses not deductible for tax purposes	128,815	1,129
Effect of capital allowances and depreciation	(7,348)	(682)
Effect of different UK tax rates on some earnings	3,536	(21)
Rounding on tax charge	(373)	229
R&D claims in respect of prior periods	(124,264)	(33,878)
Tax on profit on ordinary activities	162,189	35,369

11. Profit for the year of the parent company

The profit for the financial year of the parent company was £18,208 (2014: £Nil).

12. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2015 £	2014 £
Dividends on ordinary shares	18,208	–

13. Intangible assets

Group	Goodwill £
Cost	
At 1 Jan 2015 and 31 Dec 2015	9,415,434
Amortisation	
Charge for the year	627,696
At 31 December 2015	627,696
Carrying amount	
At 31 December 2015	8,787,738
At 31 December 2014	9,415,434

The company has no intangible assets.

Metallisation Holdings Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2015

14. Tangible assets

Group	Short leasehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 January 2015	80,991	1,317,313	298,127	1,696,431
Additions	–	77,384	34,902	112,286
At 31 December 2015	80,991	1,394,697	333,029	1,808,717
Depreciation				
At 1 January 2015	30,069	698,839	237,396	966,304
Charge for the year	8,099	100,055	29,767	137,921
At 31 December 2015	38,168	798,894	267,163	1,104,225
Carrying amount				
At 31 December 2015	42,823	595,803	65,866	704,492
At 31 December 2014	50,922	618,474	60,731	730,127

The company has no tangible assets.

15. Investments

The group has no investments.

Company	Shares in group undertakings £
Cost	
At 1 Jan 2015 and 31 Dec 2015	12,525,095
Impairment	
At 1 Jan 2015 and 31 Dec 2015	–
Carrying amount	
At 1 Jan 2015 and 31 Dec 2015	12,525,095

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

	Country of incorporation	Class of share	Percentage of shares held
Subsidiary undertakings			
Metallisation Limited	United Kingdom	Ordinary	100

16. Stocks

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Work in progress	224,241	307,576	–	–
Finished goods	1,367,398	1,615,320	–	–
	1,591,639	1,922,896	–	–

Metallisation Holdings Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2015

17. Debtors

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	2,048,664	2,185,505	-	-
Called up share capital not paid	25,000	-	25,000	-
Prepayments and accrued income	126,955	109,889	-	-
Other debtors	13,080	154,890	-	25,000
	<u>2,213,699</u>	<u>2,450,284</u>	<u>25,000</u>	<u>25,000</u>

18. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2015	2014
	£	£
Cash at bank and in hand	662,371	269,375
Bank overdrafts	(285,370)	(315,057)
	<u>377,001</u>	<u>(45,682)</u>

19. Creditors: amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	985,370	1,015,057	700,000	700,000
Trade creditors	1,319,261	1,521,761	-	-
Amounts owed to group undertakings	-	-	1,786,085	518,406
Accruals and deferred income	171,601	218,707	338	5,363
Corporation tax	290,000	237,000	-	-
Social security and other taxes	104,251	102,656	-	-
Other creditors	20,907	-	-	-
	<u>2,891,390</u>	<u>3,095,181</u>	<u>2,486,423</u>	<u>1,223,769</u>

The group 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 group. The group's banking facilities (including loans) are also secured by an unlimited debenture dated 18 September 2014 incorporating a fixed and floating charge over the assets of the group.

20. Creditors: amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	1,050,000	2,625,000	1,050,000	2,625,000
Accruals and deferred income	391,426	87,263	391,426	87,263
Loan notes	5,458,335	5,458,335	5,458,335	5,458,335
	<u>6,899,761</u>	<u>8,170,598</u>	<u>6,899,761</u>	<u>8,170,598</u>

Metallisation Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

20. Creditors: amounts falling due after more than one year *(continued)*

The bank loan is secured by an unlimited debenture dated 18 September 2014 incorporating a fixed and floating charge over the assets of the company.

Other creditors comprise £5,458,335 floating rate guaranteed secured loan notes 2024. These are secured on the assets of the group including a guarantee from the subsidiary company.

Included within creditors: amounts falling due after more than one year is an amount of £5,458,335 (2014: £5,458,335) for the group and £5,458,335 (2014: £5,458,335) for the company in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

Under the terms of the instrument dated 18 September 2014, the loan notes are repayable with effect from 30 September 2020 and should be repaid in full by 18 September 2024. Interest is charged at a rate of 5% above LIBOR.

21. Deferred tax

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

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Included in provisions (note 22)	<u>80,000</u>	<u>80,000</u>	<u>—</u>	<u>—</u>

22. Provisions

Group	Deferred tax (note 21) £
At 1 January 2015 and 31 December 2015	<u>80,000</u>

The company does not have any provisions.

23. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £15,804 (2014: £(4,529)).

24. Called up share capital

Issued, called up and fully paid

	2015		2014	
	No	£	No	£
Ordinary shares of £1 each	166,665	166,665	166,665	166,665
Preference shares of £0.01 each	<u>3,000,000</u>	<u>30,000</u>	<u>3,000,000</u>	<u>30,000</u>
	<u>3,166,665</u>	<u>196,665</u>	<u>3,166,665</u>	<u>196,665</u>

Metallisation Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

24. Called up share capital *(continued)*

The preference shares are redeemable at the option of the company at any time after the redemption in full of the loan notes above. The preference shares carry the right to a cumulative preferential dividend accruing at a rate of 5% above LIBOR on the paid up amount per share following the redemption in full of the loan notes.

On 6 November 2015 J Erskine resigned as a director and on the same day the company waived it's right to the call on the 25,000 ordinary shares that were allotted to him. The shares have been transferred back into the company name, unpaid element of those shares is disclosed in debtors.

25. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

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

26. Commitments under operating leases

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

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Not later than 1 year	147,227	162,442	-	-
Later than 1 year and not later than 5 years	434,605	461,470	-	-
Later than 5 years	900,000	1,000,000	-	-
	<u>1,481,832</u>	<u>1,623,912</u>	<u>-</u>	<u>-</u>

27. Contingencies

The company has given a guarantees to Royal Bank of Scotland plc and RBS Invoice Finance Limited in respect of the banking facilities of its subsidiary undertaking, Metallisation Limited. At 31 December 2015 the bank overdraft of the subsidiary amounted to £285,370 (2014 - £315,057).

28. Related party transactions

The group 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 group to the scheme for the period ended 31 December 2015 amounted to £100,000 (2014 - £28,500). During the year, the group has made purchases of £126,341 (2014 - £nil) from Lase Limited, a company in which T P Lester is a director and shareholder. Included in trade creditors as at 31 December 2015 is £35,057 (2014 - £nil) owed to Lase Limited.

29. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The group and the company transitioned to FRS 102 on 15 July 2014.

No transitional adjustments were required in equity or profit or loss for the period.

Metallisation Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2015

30. Controlling interest

Ultimate control of the company lies with the directors.