

Company Registration No. NI018949 (Northern Ireland)

METAL TECHNOLOGY LTD.
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016



METAL TECHNOLOGY LTD.

COMPANY INFORMATION

Directors	T.B.McKnight C. Wilson S. McKnight
Secretary	Mrs. Shirley McKnight
Company number	NI018949
Registered office	Steeple Road Industrial Estate Steeple Road Antrim Co Antrim N Ireland BT41 1AB
Auditor	McCreery Turkington Stockman Ltd 1 Lanyon Quay Belfast Co Antrim Northern Ireland BT1 3LG
Business address	Steeple Road Industrial Estate Steeple Road Antrim Co Antrim N Ireland BT41 1AB

METAL TECHNOLOGY LTD.

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METAL TECHNOLOGY LTD.

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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

Fair review of the business

The results for the year and financial position at the year-end were considered satisfactory considering the UK decision to leave the EU in June of last year after the referendum. The company has built up strong trading relationships with its principal customers and supply chain partners. It continues to maintain a strong financial position.

Financial Risk Management Objectives and Policies

Turnover was in line with directors' expectations and they are hopeful that through focused strategic partnerships and targeting of specific market sectors which are continuing to grow in the UK this can be maintained and expanded in the current financial year. Gross profit margin levels remained stable and although exchange rates will continue to bring challenges they expect the margin to remain similar for the current year.

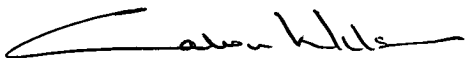
Principle Risks and Uncertainties

The key business risks and uncertainties affecting the Company are increasing raw material costs and the effect of exchange rates while maintaining sales levels. The Company's management endeavour to mitigate these risks by implementing regular strategic and operational reviews. This includes working closely with their key suppliers and implementing strategic procurement agreements to give stability and continuity.

Research and Development

The company is continuing to invest in Research and Development to bring innovative products to the market. This is a core competency of the business to ensure it remains competitive and offers a diversity of products to suit a range of market sectors

On behalf of the board



C. Wilson
Director

18 August 2017

METAL TECHNOLOGY LTD.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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

Principal activities

The principal activity of the company in the year under review was that of design and processing architectural window and curtain walling systems.

Directors

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

T.B. McKnight
C. Wilson
S. McKnight

Results and dividends

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

Ordinary dividends were paid amounting to £2,850,000. The directors do not recommend payment of a further dividend.

Preference dividends were paid amounting to £100,000.

Future developments

The company continues to introduce new products to its portfolio which target new market sectors and will assist in diversifying the company's product range and customer base. This strategy will also assist in addressing inevitable market fluctuations.

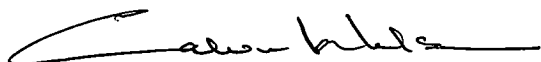
Auditor

The auditor, McCreery Turkington Stockman Ltd, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

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

On behalf of the board



C. Wilson
Director
18 August 2017

METAL TECHNOLOGY LTD.

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

METAL TECHNOLOGY LTD.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF METAL TECHNOLOGY LTD.

We have audited the financial statements of Metal Technology Ltd. for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

METAL TECHNOLOGY LTD.

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF METAL TECHNOLOGY LTD.

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 and the Directors' Report.

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

- adequate accounting records have not been kept, 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.



Mr. Craig Turkington (Senior Statutory Auditor)
for and on behalf of McCreery Turkington Stockman Ltd

18 August 2017

Chartered Accountants
Statutory Auditor

1 Lanyon Quay
Belfast
Co Antrim
Northern Ireland
BT1 3LG

METAL TECHNOLOGY LTD.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	16,898,169	17,089,923
Cost of sales		(8,246,946)	(8,744,416)
Gross profit		8,651,223	8,345,507
Administrative expenses		(4,756,449)	(4,452,014)
Other operating income		14,823	13,000
Operating profit	4	3,909,597	3,906,493
Interest receivable and similar income	8	1,225	9,840
Interest payable and similar expenses	9	(108,224)	(23,862)
Profit before taxation		3,802,598	3,892,471
Taxation	10	(734,721)	(704,548)
Profit for the financial year	29	3,067,877	3,187,923

The profit and loss account has been prepared on the basis that all operations are continuing operations.

METAL TECHNOLOGY LTD.

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Intangible assets	12	726,891		656,970	
Tangible assets	13	6,075,136		5,830,495	
Investments	14	848,807		788,807	
		<u>7,650,834</u>		<u>7,276,272</u>	
Current assets					
Stocks	16	2,153,053		1,756,967	
Debtors	17	4,482,322		3,971,953	
Cash at bank and in hand		2,721,026		1,742,210	
		<u>9,356,401</u>		<u>7,471,130</u>	
Creditors: amounts falling due within one year	18	<u>(6,559,459)</u>		<u>(4,500,266)</u>	
Net current assets		<u>2,796,942</u>		<u>2,970,864</u>	
Total assets less current liabilities		<u>10,447,776</u>		<u>10,247,136</u>	
Creditors: amounts falling due after more than one year	19	(2,338,765)		(2,266,042)	
Provisions for liabilities	22	(12,947)		(2,907)	
Net assets		<u>8,096,064</u>		<u>7,978,187</u>	
Capital and reserves					
Called up share capital	27	40,767		40,767	
Other reserves	28	110,252		110,252	
Profit and loss reserves	29	7,945,045		7,827,168	
Total equity		<u>8,096,064</u>		<u>7,978,187</u>	

The financial statements were approved by the board of directors and authorised for issue on 18 August 2017 and are signed on its behalf by:



C. Wilson
Director

Company Registration No. NI018949

METAL TECHNOLOGY LTD.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2015		38,502	37,500	6,929,245	7,005,247
Year ended 31 December 2015:					
Profit and total comprehensive income for the year		-	-	3,187,923	3,187,923
Issue of share capital	27	2,265	-	-	2,265
Dividends	11	-	-	(2,290,000)	(2,290,000)
Transfers		-	72,752	-	72,752
Balance at 31 December 2015		40,767	110,252	7,827,168	7,978,187
Year ended 31 December 2016:					
Profit and total comprehensive income for the year		-	-	3,067,877	3,067,877
Dividends	11	-	-	(2,950,000)	(2,950,000)
Balance at 31 December 2016		40,767	110,252	7,945,045	8,096,064

METAL TECHNOLOGY LTD.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	31	5,412,614		3,994,592	
Interest paid		(108,224)		(23,862)	
Income taxes paid		(621,052)		(1,095,080)	
Net cash inflow from operating activities		4,683,338		2,875,650	
Investing activities					
Purchase of intangible assets		(256,098)		(221,945)	
Purchase of tangible fixed assets		(665,860)		(2,154,441)	
Proceeds on disposal of tangible fixed assets		6,430		-	
Proceeds on disposal of fixed asset investments		(60,000)		(60,000)	
Interest received		1,225		9,840	
Net cash used in investing activities		(974,303)		(2,426,546)	
Financing activities					
Proceeds from issue of shares		-		2,265	
Repayment of bank loans		(110,219)		1,499,578	
Payment of finance leases obligations		330,000		-	
Dividends paid		(2,950,000)		(2,290,000)	
Net cash used in financing activities		(2,730,219)		(788,157)	
Net increase/(decrease) in cash and cash equivalents		978,816		(339,053)	
Cash and cash equivalents at beginning of year		1,742,210		2,081,263	
Cash and cash equivalents at end of year		2,721,026		1,742,210	

METAL TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Metal Technology Ltd. is a private company limited by shares incorporated in Northern Ireland. The registered office is Steeple Road Industrial Estate, Steeple Road, Antrim, Co Antrim, N Ireland, BT41 1AB.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

1.2 Going concern

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

1.3 Turnover

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

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

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

Development Costs	20% Straight Line
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1.5 Tangible fixed assets

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

METAL TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

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

Land and buildings Freehold	2% Straight Line
Land and buildings Leasehold	Straight line over the life of the lease.
Plant and machinery	25% Straight Line
Fixtures, fittings & equipment	25% Straight Line
Motor vehicles	20% Straight Line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

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

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

Cost is calculated using the first in first out method (FIFO).

METAL TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

METAL TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

METAL TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

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

Current tax

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

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

METAL TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.14 Share-based payments

For cash-settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at the fair value of the liability. At the balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the earnings model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.15 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.17 Foreign exchange

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

METAL TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover		
Sale of goods	16,898,169	17,089,923
Other significant revenue		
Interest income	1,225	9,840
Grants received	14,823	13,000

Turnover analysed by geographical market

	2016 £	2015 £
UK & Ireland	16,898,169	17,089,923

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(3,660)	(14,119)
Government grants	(14,823)	(13,000)
Depreciation of owned tangible fixed assets	313,412	291,321
Depreciation of tangible fixed assets held under finance leases	106,022	-
Profit on disposal of tangible fixed assets	(4,645)	-
Amortisation of intangible assets	186,177	117,602
Cost of stocks recognised as an expense	7,773,357	8,273,624
Share-based payments	-	72,752

METAL TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

5 Auditor's remuneration

	2016	2015
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	13,000	13,000

6 Employees

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

	2016 Number	2015 Number
Sales and Administration	33	33
Production	44	42
	77	75

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	2,534,554	2,461,971
Social security costs	390,352	299,936
Pension costs	201,012	187,164
	3,125,918	2,949,071

7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	807,736	757,215
Company pension contributions to defined contribution schemes	57,526	51,698
	865,262	808,913

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

	2016 £	2015 £
Remuneration for qualifying services	575,908	539,538

METAL TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

8 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	1,225	9,840

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	1,225	9,840
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9 Interest payable and similar expenses

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	16,055	11,207
Interest on finance leases and hire purchase contracts	2,680	-
Other interest on financial liabilities	89,489	12,655
	108,224	23,862

10 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	724,681	699,740
Deferred tax		
Origination and reversal of timing differences	10,040	4,808
Total tax charge	734,721	704,548

METAL TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Taxation

(Continued)

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

	2016 £	2015 £
Profit before taxation	3,802,598	3,892,471
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	760,520	778,494
Change in unrecognised deferred tax assets	10,039	4,808
Effect of change in corporation tax rate	-	8,522
Permanent capital allowances in excess of depreciation	25,537	2,795
Amortisation on assets not qualifying for tax allowances	37,235	-
Adjustments in respect of financial assets	(929)	-
Research and development tax credit	(117,804)	(101,540)
Non deductible expenses	20,123	11,469
Taxation charge for the year	734,721	704,548

11 Dividends

	2016 £	2015 £
Final paid	2,850,000	2,190,000
Interim paid	100,000	100,000
	2,950,000	2,290,000

METAL TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

12 Intangible fixed assets

	Development Costs £
Cost	
At 1 January 2016	1,158,009
Additions - internally developed	256,097
At 31 December 2016	1,414,106
Amortisation and impairment	
At 1 January 2016	501,038
Amortisation charged for the year	186,177
At 31 December 2016	687,215
Carrying amount	
At 31 December 2016	726,891
At 31 December 2015	656,970

13 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, Motor vehicles fittings & equipment £	£	Total £
Cost						
At 1 January 2016	166,323	6,588,222	1,900,476	921,740	130,470	9,707,231
Additions	-	143,209	501,326	16,325	5,000	665,860
Disposals	-	-	(46,362)	(2,000)	(6,300)	(54,662)
At 31 December 2016	166,323	6,731,431	2,355,440	936,065	129,170	10,318,429
Depreciation and impairment						
At 1 January 2016	43,193	1,121,223	1,729,501	854,870	127,949	3,876,736
Depreciation charged in the year	-	172,262	208,112	37,075	1,985	419,434
Eliminated in respect of disposals	-	-	(46,362)	(2,000)	(4,515)	(52,877)
At 31 December 2016	43,193	1,293,485	1,891,251	889,945	125,419	4,243,293
Carrying amount						
At 31 December 2016	123,130	5,437,946	464,189	46,120	3,751	6,075,136
At 31 December 2015	123,130	5,466,999	170,975	66,870	2,521	5,830,495

METAL TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

13 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2016 £	2015 £
Plant and machinery	318,064	-
Depreciation charge for the year in respect of leased assets	106,022	-

14 Fixed asset investments

	2016 £	2015 £
Listed investments	848,807	788,807
Listed investments included above:		
Listed investments carrying amount	848,807	788,807
Market value if different from carrying amount	913,331	881,754

The cost model is applied to the value of Fixed Asset Investments in the Balance sheet.

Movements in fixed asset investments

	Investments other than loans £
Cost or valuation	
At 1 January 2016	788,807
Additions	60,000
At 31 December 2016	848,807
Carrying amount	
At 31 December 2016	848,807
At 31 December 2015	788,807

METAL TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

15 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	4,450,655	3,941,118
Equity instruments measured at cost less impairment	848,807	788,807
Carrying amount of financial liabilities		
Measured at amortised cost	7,735,034	5,903,798

The debt instruments measured at amortised cost includes trade debtors and other debtors which is detailed in note 17. The equity instruments is the fixed asset investment at cost detailed in note 14.

The financial liabilities measured at amortised cost includes trade creditors, other creditors, accruals, HP Loans and bank loans which are detailed in notes 18 and 19.

Ulster Bank Limited hold the following as security:- Debenture including fixed and floating security over all property assets undertaking legal rights and revenues (both present and future) of Metal Technology Limited and first legal charge held over the assets of Metal Technology premises at Steeple Road Industrial Estate, Antrim, BT41 1AB.

16 Stocks

	2016 £	2015 £
Finished goods and goods for resale	2,153,053	1,756,967

In the Directors' opinions there is no material difference between the replacement cost and the above valuation.

17 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	4,435,804	3,872,459
Other debtors	14,851	68,659
Prepayments and accrued income	31,667	30,835
	4,482,322	3,971,953

METAL TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

18 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	20	317,058	242,000
Obligations under finance leases	21	72,000	-
Trade creditors		2,405,471	1,574,012
Corporation tax		428,048	324,419
Other taxation and social security		735,142	538,091
Other creditors		2,040,956	1,233,337
Accruals and deferred income		560,784	588,407
		<u>6,559,459</u>	<u>4,500,266</u>

19 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	20	2,080,765	2,266,042
Obligations under finance leases	21	258,000	-
		<u>2,338,765</u>	<u>2,266,042</u>

20 Loans and overdrafts

	2016 £	2015 £
Bank loans	<u>2,397,823</u>	<u>2,508,042</u>
Payable within one year	317,058	242,000
Payable after one year	<u>2,080,765</u>	<u>2,266,042</u>

The long-term loans are secured by fixed charges over held over the assets of Metal Technology premises at Steeple Road Industrial Estate, Antrim, BT41 1AB.

The loan has a five year term with an interest rate of 1.8% plus 3 month libor rate.

21 Finance lease obligations

	2016 £	2015 £
Future minimum lease payments due under finance leases:		
Within one year	72,000	-
In two to five years	<u>258,000</u>	<u>-</u>
	<u>330,000</u>	<u>-</u>

METAL TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

21 Finance lease obligations

(Continued)

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

22 Provisions for liabilities

	Notes	2016 £	2015 £
Deferred tax liabilities	23	12,947	2,907
		<u>12,947</u>	<u>2,907</u>

23 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
ACAs	12,947	2,907
	<u>12,947</u>	<u>2,907</u>
Movements in the year:		2016 £
Liability at 1 January 2016		2,907
Charge to profit or loss		10,040
Liability at 31 December 2016		<u>12,947</u>

The deferred tax liability set out above is expected to reverse within 4 years and relates to accelerated capital allowances that are expected to mature within the same period.

24 Government grants

The company received a grant of £14,823 from Invest NI. All conditions relating to the grant terms have been fully complied with.

METAL TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

25 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	201,012	187,164

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

26 Share-based payment transactions

During the year there were no share based payments or share options granted.

	Number of share options		Weighted average exercise price	
	2016 Number	2015 Number	2016 £	2015 £
Outstanding at 1 January 2016	-	-	-	-
Granted	-	2,265	-	33.12
Exercised	-	(2,265)	-	33.12
Outstanding at 31 December 2016	-	-	-	-
Exercisable at 31 December 2016	-	-	-	-

During the year, the company recognised total share-based payment expenses of £- (2015 - £72,752) which related to equity settled share based payment transactions.

27 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
39,765 Ordinary Shares of £1 each	39,765	37,500
Ordinary C Shares of £1 each	-	2,265
	39,765	39,765
Preference share capital		
Issued and fully paid		
1,000 Class A Preference Shares of £1 each	1,000	1,000
2 Class B Preference Shares of £1 each	2	2
	1,002	1,002

All class of shares carry the rights set out in the company's Memorandum and Articles of Association.

METAL TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

28 Other reserves

	Own shares £	£	Total £
At 1 January 2015	37,500	-	37,500
Additions	-	72,752	72,752
At 31 December 2015	37,500	72,752	110,252
At 31 December 2016	37,500	72,752	110,252

Other reserves are made up of reserves for own shares and the equity related to the share based payment made in 2015.

29 Profit and loss reserves

	2016 £	2015 £
At the beginning of the year	7,827,168	6,929,245
Profit for the year	3,067,877	3,187,923
Dividends	(2,950,000)	(2,290,000)
At the end of the year	7,945,045	7,827,168

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

30 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2016 £	2015 £
Aggregate compensation	419,284	437,243

METAL TECHNOLOGY LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

31	Cash generated from operations	2016 £	2015 £
	Profit for the year	3,067,877	3,187,923
	Adjustments for:		
	Income tax expense recognised in profit or loss	734,721	704,548
	Finance costs recognised in profit or loss	108,224	23,862
	Investment income recognised in profit or loss	(1,225)	(9,840)
	Gain on disposal of tangible fixed assets	(4,645)	-
	Amortisation and impairment of intangible assets	186,177	117,602
	Depreciation and impairment of tangible fixed assets	419,434	291,321
	Equity settled share based payment expense	-	72,752
	Movements in working capital:		
	(Increase) in stocks	(396,086)	(28,372)
	(Increase) in debtors	(510,369)	(213,801)
	Increase/(decrease) in creditors	1,000,887	(549,549)
	(Decrease) in deferred income	-	(17,794)
	Cash generated from operations	4,604,995	3,578,652
32	Controlling party		

The ultimate controlling party is Mr T B McKnight, a director of the company.