

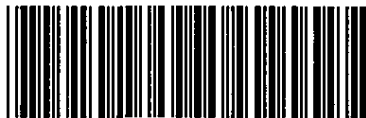
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P55 LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2016

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P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

COMPANY INFORMATION

Directors	R Pratt A Brammer M Brooks (resigned 5 February 2016)
Company secretary	R Pratt
Registered number	03345358
Registered office	7 Folgate Road North Walsham Norwich Norfolk NR28 0AJ
Independent auditors	Price Bailey LLP Chartered Accountants & Statutory Auditors 20 Central Avenue St Andrews Business Park Thorpe St Andrew Norwich Norfolk NR7 0HR

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

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P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2016

Introduction

The directors continue to invest in the design of steering products and the use of new technology to monitor our customers buying patterns. The directors regard the investment in research and development as integral to the continuing success of the business.

Business review

The directors are confident that we are able to maintain the group's current level of performance in the future, despite the competitiveness of the external commercial environment.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continuing growth in the foreseeable future.

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subjected to a number of business risks. The key business risks and uncertainties affecting the company are considered to relate to competition from both national and international suppliers, employee retention and the impact of product innovation.

Financial key performance indicators

The directors consider turnover and gross profit margin to be key indicators of performance.

Turnover has increased comparatively by 6% (2014 decrease 6.7%)

Gross profit margin has increased comparatively by 1.3% (2014 decrease 0.1%)

Other key performance indicators

Given the nature of the business, the Group's directors are of the opinion that analysis using other key performance indicators is not necessary for further understanding of the development, performance or position of the business.

This report was approved by the board on 16/12/16 and signed on its behalf



R Pratt
Director

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2016

The directors present their report and the financial statements for the period ended 31 March 2016

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable 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 Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies for the Group's financial statements 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the period, after taxation, amounted to £656,664 (2014 - £285,844)

Directors

The directors who served during the period were

R Pratt

A Brammer

M Brooks (resigned 5 February 2016)

Research and development activities

The company invests significant time in researching, developing and testing new components and methodologies adopted in the manufacture of all products.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2016**

Post balance sheet events

On 1 April 2016 the trade of the company's 100% subsidiary George Moate Limited, has been hived up into the P55 Limited. There have been no other significant events affecting the Group since the year end.

Auditors

The auditors, Price Bailey LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 16/12/16 and signed on its behalf

R Pratt
Director



P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

We have audited the financial statements of P55 Limited for the period ended 31 March 2016, set out on pages 6 to 37. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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 on page 2, 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 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 Group 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 the parent Company's affairs as at 31 March 2016 and of the Group's profit or loss for the period 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 Group Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with those financial statements.

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF P55 LIMITED T/A PSS - STEERING
AND HYDRAULICS DIVISION (CONTINUED)**

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



Aaron Widdows (Senior Statutory Auditor)

for and on behalf of
Price Bailey LLP

Chartered Accountants
Statutory Auditors

20 Central Avenue
St Andrews Business Park
Thorpe St Andrew
Norwich
Norfolk
NR7 0HR

Date

19/14/16

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2016**

	Note	15 month period to 31 March 2016 £	Year to 31 December 2014 £
Turnover	4	8,345,596	5,867,968
Cost of sales		(5,613,953)	(3,976,422)
Gross profit		2,731,643	1,891,546
Administrative expenses		(1,905,722)	(1,532,596)
Other operating income	5	16,953	18,637
Operating profit	6	842,874	377,587
Share of profit of associates		82,034	31,271
Total operating profit		924,908	408,858
Interest payable and expenses	9	(60,381)	(61,315)
Profit before taxation		864,527	347,543
Tax on profit	10	(207,863)	(61,699)
Profit for the period		656,664	285,844
Profit for the period attributable to:			
Owners of the parent Company		656,664	285,844
		<u>656,664</u>	<u>285,844</u>

There were no recognised gains and losses for 2016 or 2014 other than those included in the consolidated statement of comprehensive income

There was no other comprehensive income for 2016 (2014 £NIL)

The notes on pages 13 to 37 form part of these financial statements

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION
REGISTERED NUMBER: 03345358

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2016

	Note	31 March 2016 £	31 December 2014 £
Fixed assets			
Intangible assets	13	612,064	-
Tangible assets	14	542,818	706,920
Investments	15	-	1,272,917
		<u>1,154,882</u>	<u>1,979,837</u>
Current assets			
Stocks	16	861,859	836,442
Debtors amounts falling due within one year	17	2,057,538	1,204,397
Cash at bank and in hand	18	407,124	310,255
		<u>3,326,521</u>	<u>2,351,094</u>
Creditors amounts falling due within one year	19	(2,586,025)	(3,009,831)
Net current assets/(liabilities)		<u>740,496</u>	<u>(658,737)</u>
Total assets less current liabilities		<u>1,895,378</u>	<u>1,321,100</u>
Creditors amounts falling due after more than one year	20	(260,626)	(414,445)
Provisions for liabilities			
Deferred taxation	23	(69,372)	(56,741)
Other provisions	24	(34,363)	(25,611)
		<u>(103,735)</u>	<u>(82,352)</u>
Net assets		<u><u>1,531,017</u></u>	<u><u>824,303</u></u>
Capital and reserves			
Called up share capital	25	3	2
Profit and loss account		1,531,014	824,301
Equity attributable to owners of the parent Company		<u><u>1,531,017</u></u>	<u><u>824,303</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

16/12/16

R Pratt
Director



The notes on pages 13 to 37 form part of these financial statements

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION
REGISTERED NUMBER: 03345358

COMPANY BALANCE SHEET
AS AT 31 MARCH 2016

	Note	31 March 2016 £	31 December 2014 £
Fixed assets			
Tangible assets	14	523,213	706,920
Investments	15	1,250,001	1,250,000
		<u>1,773,214</u>	<u>1,956,920</u>
Current assets			
Stocks	16	776,749	836,442
Debtors amounts falling due within one year	17	1,801,719	1,204,397
Cash at bank and in hand	18	356,788	310,255
		<u>2,935,256</u>	<u>2,351,094</u>
Creditors amounts falling due within one year	19	(2,816,340)	(3,009,831)
Net current assets/(liabilities)		<u>118,916</u>	<u>(658,737)</u>
Total assets less current liabilities		<u>1,892,130</u>	<u>1,298,183</u>
Creditors amounts falling due after more than one year	20	(257,226)	(414,445)
Provisions for liabilities			
Deferred taxation	23	(67,610)	(56,741)
Other provisions	24	(34,363)	(25,611)
		<u>(101,973)</u>	<u>(82,352)</u>
Net assets		<u><u>1,532,931</u></u>	<u><u>801,386</u></u>
Capital and reserves			
Called up share capital	25	3	2
Profit and loss account		<u>1,532,928</u>	<u>801,384</u>
		<u><u>1,532,931</u></u>	<u><u>801,386</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16/12/16

R Pratt
Director



P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2015	2	824,301	824,303
Comprehensive income for the period			
Profit for the period	-	656,664	656,664
Profits and dividends earned on associate prior to controlling acquisition	-	300,049	300,049
Total comprehensive income for the period	-	956,713	956,713
Dividends Equity capital	-	(250,000)	(250,000)
Shares issued during the period	1	-	1
Total transactions with owners	1	(250,000)	(249,999)
At 31 March 2016	3	1,531,014	1,531,017

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2014**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2014	2	738,457	738,459
Comprehensive income for the year			
Profit for the year	-	285,844	285,844
Total comprehensive income for the year	-	285,844	285,844
Dividends Equity capital	-	(200,000)	(200,000)
Total transactions with owners	-	(200,000)	(200,000)
At 31 December 2014	2	824,301	824,303

The notes on pages 13 to 37 form part of these financial statements

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2015	2	801,384	801,386
Comprehensive income for the year			
Profit for the period	-	981,544	981,544
	-	981,544	981,544
Total comprehensive income for the period			
Contributions by and distributions to owners			
Dividends Equity capital	-	(250,000)	(250,000)
Shares issued during the period	1	-	1
Total transactions with owners	1	(250,000)	(249,999)
At 31 March 2016	3	1,532,928	1,532,931

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2014**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2014	2	760,226	760,228
Comprehensive income for the year			
Profit for the year	-	241,158	241,158
	-	241,158	241,158
Total comprehensive income for the year			
Contributions by and distributions to owners			
Dividends Equity capital	-	(200,000)	(200,000)
Total transactions with owners	-	(200,000)	(200,000)
At 31 December 2014	2	801,384	801,386

The notes on pages 13 to 37 form part of these financial statements

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2016**

	15 month period to 31 March 2016 £	Year to 31 December 2014 £
Cash flows from operating activities		
Profit for the financial period	656,664	285,844
Adjustments for:		
Amortisation of intangible assets	185,780	-
Depreciation of tangible assets	217,886	207,875
Impairments of fixed assets	52,810	-
Loss on disposal of tangible assets	(39,532)	115,677
Interest paid	60,381	61,315
Taxation	207,863	61,699
(Increase) in stocks	(36,968)	(313,839)
(Increase) in debtors	(73,616)	(119,511)
Increase in creditors	323,317	555,275
Increase in provisions	8,752	(56,580)
Net fair value losses/gains recognised in P&L	-	94,000
Share of operating profit in associates	(82,034)	(31,271)
Corporation tax	(180,092)	(24,873)
Net cash generated from operating activities	<u>1,301,211</u>	<u>835,611</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(99,271)	(35,808)
Sale of tangible fixed assets	58,350	15,500
HP interest paid	(9,314)	(7,221)
Net cash from investing activities	<u>(50,235)</u>	<u>(27,529)</u>

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2016**

	31 March 2016 £	31 December 2014 £
Cash flows from financing activities		
Issue of ordinary shares	1	-
Repayment of loans	(25,882)	-
Repayment of other loans	(90,909)	(148,140)
Repayment of/new finance leases	(21,814)	(52,602)
Dividends paid	(250,000)	(200,000)
Interest paid	(51,067)	(54,094)
Amounts advanced to directors	(450,228)	(528,279)
Net cash used in financing activities	<u>(889,899)</u>	<u>(983,115)</u>
Cash and cash equivalents at beginning of period	(542,156)	(367,123)
Cash and cash equivalents at the end of period	<u>(181,079)</u>	<u>(542,156)</u>
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	407,124	310,255
Bank overdrafts	(588,203)	(852,411)
	<u>(181,079)</u>	<u>(542,156)</u>

The notes on pages 13 to 37 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

1. General information

The Group are market specialists in the manufacture of steering equipment, precision engineered products and agricultural machinery

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006

Information on the impact of first-time adoption of FRS 102 is given in note 31

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3)

The following principal accounting policies have been applied

2.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

2.3 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Balance Sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

2. Accounting policies (continued)

2.4 Going concern

The group continues to meet its day to day working capital requirements through bank facilities and support from the directors. The Natwest bank facilities remain in place, with no suggestion that renewal may not be forthcoming on acceptable terms in due course, and the directors have indicated their continued support to the group.

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing their annual financial statements.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer,
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- the amount of revenue can be measured reliably,
- it is probable that the Group will receive the consideration due under the transaction, and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life of 5 years.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2016

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line and the reducing balance method

Depreciation is provided on the following basis

L/Term Leasehold Property	- 5% straight line
Plant and machinery	- 25% reducing balance
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 15% and 33% reducing balance/straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date

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

2 8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2 9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2 10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2 11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

2. Accounting policies (continued)

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

2. Accounting policies (continued)

2.13 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

2 Accounting policies (continued)

2.15 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges

2.16 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable

2.18 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2016

2 Accounting policies (continued)

2.19 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.20 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the period in which they are incurred.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

2 Accounting policies (continued)

2.22 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits, and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date, and the amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. No judgements (apart from those involving estimates) have been made when preparing the financial statements.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include

- Useful economic life of fixed assets

Management has calculated the depreciation charge in the accounts based on the estimated useful economic life of the assets less any residual value.

- Useful economic life of goodwill

Management has calculated the amortisation charge in the accounts based on the estimated useful economic life of the goodwill arising on the purchase of George Moate Limited.

- Warranty provision

A provision for customer warranty costs has been calculated based on the historical level of warranty claims experienced.

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

4. Turnover

Analysis of turnover by country of destination

	2016 £	2014 £
United Kingdom	3,652,059	3,051,717
Rest of Europe	1,231,917	1,015,616
Rest of the world	3,461,619	1,800,634
	<u>8,345,595</u>	<u>5,867,967</u>

5 Other operating income

	2016 £	2014 £
Net UK rents receivable	-	9,248
Net overseas rents less expenses payable	-	(12,109)
Insurance claims receivable	6,763	3,521
Sundry income	10,190	17,977
	<u>16,953</u>	<u>18,637</u>

6 Operating profit

The operating profit is stated after charging

	2016 £	2014 £
Depreciation of tangible fixed assets	217,886	207,875
Impairment of tangible fixed assets	52,810	-
Amortisation of intangible assets, including goodwill	185,780	-
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	16,000	10,026
Exchange differences	(67,027)	9,422
Other operating lease rentals	226,250	37,871
Defined contribution pension cost	85,082	8,000
	<u></u>	<u></u>

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

7. Employees

Staff costs, including directors' remuneration, were as follows

	2016 £	2014 £
Wages and salaries	1,907,971	1,478,316
Social security costs	192,556	139,228
Cost of defined contribution scheme	85,082	8,000
	<u>2,185,609</u>	<u>1,625,544</u>

The average monthly number of employees, including the directors, during the period was as follows

	2016 No	2014 No
	<u>59</u>	<u>60</u>

8. Directors' remuneration

	2016 £	2014 £
Directors' emoluments	264,836	193,653
Compensation for loss of office	30,000	-
	<u>294,836</u>	<u>193,653</u>

The highest paid director received remuneration of £156,264 (2014 - £NIL)

9. Interest payable and similar charges

	2016 £	2014 £
Bank interest payable	42,142	46,954
Other loan interest payable	8,925	7,140
Finance leases and hire purchase contracts	9,314	7,221
	<u>60,381</u>	<u>61,315</u>

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

10. Taxation

	2016 £	2014 £
Corporation tax		
Current tax on profits for the year	200,460	72,238
Share of associates' current tax	-	7,870
	<u>200,460</u>	<u>80,108</u>
Deferred tax		
Origination and reversal of timing differences	7,403	(18,893)
Share of associates' deferred tax	-	484
Total deferred tax	<u>7,403</u>	<u>(18,409)</u>
Taxation on profit on ordinary activities	<u>207,863</u>	<u>61,699</u>

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 20% (2014 - 20%) The differences are explained below

	2016 £	2014 £
Profit on ordinary activities before tax	<u>864,527</u>	<u>347,543</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 20%)	172,905	69,509
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	47,160	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	28,831	42,757
Adjustment in research and development tax credit leading to a decrease in the tax charge	(36,714)	(56,821)
Tax on associates	16,405	6,254
Patent box claim deduction	(20,724)	-
Total tax charge for the period/year	<u>207,863</u>	<u>61,699</u>

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

11. Dividends

	31 March 2016 £	31 December 2014 £
Company dividends paid	250,000	200,000
	<u>250,000</u>	<u>200,000</u>

On 7 April 2016 the directors proposed a dividend of £650,000 in respect of the period ended 31 March 2016

12. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the period/year was £981,544 (2014 - £241,159)

13. Intangible assets

Group and Company

	Patents £	Goodwill £	Total £
Cost			
At 1 January 2015 (as previously stated)	-	(718,284)	(718,284)
Prior Year Adjustment	-	718,284	718,284
At 1 January 2015 (as restated)	-	-	-
Additions	-	68,405	68,405
On acquisition of subsidiaries	11,155	718,284	729,439
At 31 March 2016	<u>11,155</u>	<u>786,689</u>	<u>797,844</u>
Amortisation			
Charge for the year	2,789	182,991	185,780
At 31 March 2016	<u>2,789</u>	<u>182,991</u>	<u>185,780</u>
Net book value			
At 31 March 2016	<u>8,366</u>	<u>603,698</u>	<u>612,064</u>
At 31 December 2014 (as restated)	<u>-</u>	<u>-</u>	<u>-</u>

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

13 Intangible assets (continued)

There are no intangible assets held by the company

The prior year adjustment is to reclassify goodwill on George Moate Limited, which should have been disclosed within the investment in associate, see Note 15

14 Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 January 2015	173,643	2,055,221	130,372	490,694	2,849,930
Additions	-	13,741	63,546	21,984	99,271
Acquisition of subsidiary	-	13,315	12,825	-	26,140
Disposals	-	(107,050)	(32,416)	-	(139,466)
At 31 March 2016	173,643	1,975,227	174,327	512,678	2,835,875
Depreciation					
At 1 January 2015	86,956	1,719,346	67,146	269,561	2,143,009
Charge for the period on owned assets	10,875	109,031	22,961	75,019	217,886
Disposals	-	(89,750)	(30,898)	-	(120,648)
Impairment charge	-	-	-	52,810	52,810
At 31 March 2016	97,831	1,738,627	59,209	397,390	2,293,057
Net book value					
At 31 March 2016	75,812	236,600	115,118	115,288	542,818
At 31 December 2014	86,687	335,874	63,226	221,133	706,920

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

14. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	31 March 2016 £	31 December 2014 £
Plant and machinery	81,134	118,005
Motor vehicles	88,273	43,430
	<u>169,407</u>	<u>161,435</u>

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

14 Tangible fixed assets (continued)

Company

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 January 2015	173,643	2,055,221	130,372	490,694	2,849,930
Additions	-	13,741	63,546	21,984	99,271
Disposals	-	(93,000)	(32,416)	-	(125,416)
At 31 March 2016	<u>173,643</u>	<u>1,975,962</u>	<u>161,502</u>	<u>512,678</u>	<u>2,823,785</u>
Depreciation					
At 1 January 2015	86,956	1,719,346	67,146	269,561	2,143,009
Charge for the period on owned assets	10,875	105,702	19,755	75,019	211,351
Disposals	-	(89,750)	(16,848)	-	(106,598)
Impairment charge	-	-	-	52,810	52,810
At 31 March 2016	<u>97,831</u>	<u>1,735,298</u>	<u>70,053</u>	<u>397,390</u>	<u>2,300,572</u>
Net book value					
At 31 March 2016	<u>75,812</u>	<u>240,664</u>	<u>91,449</u>	<u>115,288</u>	<u>523,213</u>
At 31 December 2014	<u>86,687</u>	<u>335,874</u>	<u>63,226</u>	<u>221,133</u>	<u>706,920</u>

Finance leases

The net book value of assets held under finance leases or hire purchase contracts, are as stated in the Group disclosure above. All of the tangible fixed assets included above are pledged as security for the Company's bank loans.

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

15. Fixed asset investments

Group

	Investments in associates £
Cost and net book value	
At 1 January 2015 (as previously stated)	554,633
Prior Year Adjustment	718,284
	<hr/>
At 1 January 2015 (as restated)	1,272,917
On acquisition of subsidiaries	(1,354,951)
Share of profit/(loss)	82,034
	<hr/>
At 31 March 2016	-
	<hr/>
At 31 December 2014 (as restated)	1,272,917
	<hr/>

Subsidiary undertakings

The following were subsidiary undertakings of the Company

Name	Country of incorporation	Class of shares	Holding	Principal activity
Fastcourt Limited	U K	Ordinary	100 %	Non-trading
George Moate Limited	U K	Ordinary	100 %	Manufacture of agricultural equipment

Fastcourt Limited is a non-trading subsidiary undertaking

Subsidiaries have not been audited as individual entities as P55 Limited guarantees their liabilities in accordance with section 479A of the Companies Act 2006

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

15 Fixed asset investments (continued)

Company

	Investments in subsidiary companies £	Investments in associates £	Total £
Cost			
At 1 January 2015	-	1,250,000	1,250,000
Additions	1	-	1
Transfers intra group	1,250,000	(1,250,000)	-
At 31 March 2016	<u>1,250,001</u>	<u>-</u>	<u>1,250,001</u>
Net book value			
At 31 March 2016	<u>1,250,001</u>	<u>-</u>	<u>1,250,001</u>
At 31 December 2014	<u>-</u>	<u>1,250,000</u>	<u>1,250,000</u>

16. Stocks

	Group 31 March 2016 £	Group 31 December 2014 £	Company 31 March 2016 £	Company 31 December 2014 £
Raw materials and consumables	694,493	642,040	694,493	642,040
Work in progress (goods to be sold)	82,256	194,402	82,256	194,402
Finished goods and goods for resale	85,110	-	-	-
	<u>861,859</u>	<u>836,442</u>	<u>776,749</u>	<u>836,442</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material

Stock recognised in cost of sales during the period as an expense was £3,034,795 (2014 - £2,536,105)

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

17. Debtors

	Group 31 March 2016 £	Group 31 December 2014 £	Company 31 March 2016 £	Company 31 December 2014 £
Trade debtors	1,169,152	893,321	989,491	893,321
Other debtors	821,328	254,932	745,170	254,932
Prepayments and accrued income	67,058	56,144	67,058	56,144
	<u>2,057,538</u>	<u>1,204,397</u>	<u>1,801,719</u>	<u>1,204,397</u>

18. Cash and cash equivalents

	Group 31 March 2016 £	Group 31 December 2014 £	Company 31 March 2016 £	Company 31 December 2014 £
Cash at bank and in hand	407,124	310,255	356,788	310,255
Less bank overdrafts	(588,203)	(852,411)	(588,203)	(852,411)
	<u>(181,079)</u>	<u>(542,156)</u>	<u>(231,415)</u>	<u>(542,156)</u>

19. Creditors: Amounts falling due within one year

	Group 31 March 2016 £	Group 31 December 2014 £	Company 31 March 2016 £	Company 31 December 2014 £
Bank overdrafts	588,203	852,411	588,203	852,411
Bank loans	26,611	26,611	26,611	26,611
Other loans	68,000	68,000	68,000	68,000
Trade creditors	600,735	502,401	573,622	502,401
Amounts owed to participating interests	-	567,050	530,337	567,050
Corporation tax	269,568	200,649	173,504	200,649
Taxation and social security	114,991	79,297	53,424	79,297
Obligations under finance lease and hire purchase contracts	89,858	74,645	87,363	74,645
Other creditors	550,976	510,644	550,973	510,644
Accruals and deferred income	277,083	128,123	164,303	128,123
	<u>2,586,025</u>	<u>3,009,831</u>	<u>2,816,340</u>	<u>3,009,831</u>

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

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

	Group 31 March 2016 £	Group 31 December 2014 £	Company 31 March 2016 £	Company 31 December 2014 £
Bank loans	155,557	181,439	155,557	181,439
Other loans	40,091	131,000	40,091	131,000
Net obligations under finance leases and hire purchase contracts	64,978	102,006	61,578	102,006
	<u>260,626</u>	<u>414,445</u>	<u>257,226</u>	<u>414,445</u>

21. Loans

The bank loan is held with Natwest which is due to be fully repaid on 12 November 2018. The applicable rate of interest is 2.98% with repayments made on a monthly basis. The bank loan is secured against all assets held by the company.

Other loans are from the pension scheme of a director, R Pratt and is due to be fully repaid in 2018. The applicable rate of interest is 3.5% with repayments made on an annual basis.

	Group 31 March 2016 £	Group 31 December 2014 £	Company 31 March 2016 £	Company 31 December 2014 £
Amounts falling due within one year				
Bank loans	26,611	26,611	26,611	26,611
Other loans	68,000	68,000	68,000	68,000
	<u>94,611</u>	<u>94,611</u>	<u>94,611</u>	<u>94,611</u>
Amounts falling due 2-5 years				
Bank loans	155,557	181,439	155,557	181,439
Other loans	40,091	131,000	40,091	131,000
	<u>195,648</u>	<u>312,439</u>	<u>195,648</u>	<u>312,439</u>
Total loans	<u>290,259</u>	<u>407,050</u>	<u>290,259</u>	<u>407,050</u>

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

22. Financial instruments

	Group 31 March 2016 £	Group 31 December 2014 £	Company 31 March 2016 £	Company 31 December 2014 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	2,827,266	1,431,871	2,521,110	1,431,871
	<u>2,827,266</u>	<u>1,431,871</u>	<u>2,521,110</u>	<u>1,431,871</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(2,462,089)	(3,144,330)	(2,846,638)	(3,144,330)
	<u>(2,462,089)</u>	<u>(3,144,330)</u>	<u>(2,846,638)</u>	<u>(3,144,330)</u>

Group and Company financial assets measured at amortised cost comprise the bank balance, trade debtors, other debtors and prepayments

Group and Company financial liabilities measured at amortised cost comprise trade creditors, overdrafts, bank loans, other loans, net obligations under finance leases and hire purchase contracts, other creditors and accruals

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

23. Deferred taxation

Group

	2016 £	2014 £
At beginning of year	(56,741)	(75,634)
Charged to profit or loss	(7,403)	18,893
Arising on business combinations	(5,228)	-
At end of year	(69,372)	(56,741)

Company

	2016 £	2014 £
At beginning of year	(56,741)	(75,634)
Charged to profit or loss	(10,869)	18,893
At end of year	(67,610)	(56,741)

The provision for deferred taxation is made up as follows

	Group 31 March 2016 £	Group 31 December 2014 £	Company 31 March 2016 £	Company 31 December 2014 £
Accelerated capital allowances	(72,838)	(57,321)	(67,610)	(57,321)
Unpaid pension contributions	3,466	580	-	580
	(69,372)	(56,741)	(67,610)	(56,741)

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016

24 Provisions

Group

	Warranty provision £
At 1 January 2015	25,611
Charged to profit or loss	34,363
Arising on business combinations	21,225
Utilised in period	(46,836)
At 31 March 2016	34,363

Company

	Warranty provision £	Total £
At 1 January 2015	25,611	25,611
Charged to profit or loss	34,363	34,363
Utilised in period	(25,611)	(25,611)
At 31 March 2016	34,363	34,363

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

25. Share capital

	31 March 2016 £	31 December 2014 £
Shares classified as equity		
Allotted, called up and fully paid		
3 (2014 - 2) Ordinary shares shares of £1 each	<u>3</u>	<u>2</u>

1 Ordinary share of £1 nominal value was issued in exchange for a share in subsidiary company George Moate Limited on 1 January 2016, the total fair value of the consideration was £1,250,000. The company investment has been accounted for at the nominal value of the share issued as a result of the application of merger relief under s 612 of the Companies Act 2006.

26. Business combinations

Acquisition of George Moate Limited

On 1 January 2016 a further 50% of George Moate Limited was purchased via a share for share exchange bringing the company's holding up to 100%.

The balances at the point of controlling acquisition on 1 January 2016 were as follows

	1 January Book value £	1 January Fair value adjustment £	1 January Fair value £
Tangible	12,089	-	12,089
Intangible	11,155	-	11,155
	<u>23,244</u>	<u>-</u>	<u>23,244</u>
Stocks	247,409	-	247,409
Debtors	333,492	-	333,492
Cash at bank and in hand	5,007	-	5,007
Total assets	<u>609,152</u>	<u>-</u>	<u>609,152</u>
Due within one year	(145,842)	-	(145,842)
Fair value of net assets	<u>463,310</u>	<u>-</u>	<u>463,310</u>
Goodwill	786,690	-	786,690
Total purchase consideration	<u><u>1,250,000</u></u>	<u><u>-</u></u>	<u><u>1,250,000</u></u>

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

26. Business combinations (continued)

The results of George Moate Limited since its acquisition are as follows

	31 March Current period since acquisition 2016 £
3 months turnover to 31 March 2016	770,733
	<u>770,733</u>
Profit for the period/year	243,526
	<u>243,526</u>

27. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The pension cost charge represents contributions payable by the Group to the fund and amounted to £85,082 (2014 £8,000).

Contributions totalling £580 (2014 £ Nil) have been included in creditors.

28. Commitments under operating leases

At 31 March 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 31 March 2016 £	Group 31 December 2014 £	Company 31 March 2016 £	Company 31 December 2014 £
Not later than 1 year	135,750	181,000	135,750	181,000
Later than 1 year and not later than 5 years	-	181,000	-	181,000
	<u>135,750</u>	<u>362,000</u>	<u>135,750</u>	<u>362,000</u>

P55 LIMITED T/A PSS - STEERING AND HYDRAULICS DIVISION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

29. Related party transactions

The Group has taken advantage of the exemption from the requirement to disclose transactions with wholly owned group companies

There are not considered to be any key management personnel other than directors

	31 March 2016 £	31 December 2014 £
Director loans outstanding	524,206	(120,663)
Dividends paid to directors	655,000	200,000
Advances to directors	1,304,819	660,625
Repayments made by directors	4,949	-
Rent paid to directors pension schemes	226,250	181,000
Loan outstanding with director pension schemes	108,091	199,000
Interest charged by director pension schemes	8,925	7,140
Repayments made to director pension scheme loans	85,000	68,000
	<u> </u>	<u> </u>

30 Controlling party

The immediate and ultimate controlling party is Richard Pratt

31 First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss