

Registered Number: 02890320 (England and Wales)

SUNNEN PRODUCTS LIMITED
GROUP REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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SUNNEN PRODUCTS LIMITED

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SUNNEN PRODUCTS LIMITED

COMPANY INFORMATION

Directors	J Hooper M Kreider F. C. Miltenberger (Appointed 8 September 2015)
Company number	02890320
Registered office	Unit 4B Finway Road Hemel Hempstead Hertfordshire HP2 7PT
Auditors	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW
Bankers	HSBC 31 Chequer Street St Albans Herts AL1 3YN

SUNNEN PRODUCTS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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

Principal activities and review of the business

The principal activity of the group continued to be that of the manufacturing and distribution of honing products.

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

Financial Key Performance Indicators

During the year, reported turnover increased to £22,238,149 (2014: £21,044,120), and gross profit, a key performance indicator within our business, decreased to £10,297,750 (2014: £10,472,319) – a decrease of 1.7%, whilst maintaining a margin rate of 46-50%. Despite the general levels of uncertainty the Directors believe that these results demonstrate the underlying strength of the business and its willingness to seek new areas of business as more traditional ones decline.

Total Research & Development expenses decrease to £71,418 (2014: £102,722).

Administrative Costs have decreased in comparison to the prior year.

Operating profit has increased to £1,270,684 (2014: £676,139).

Principal risks and uncertainties

Global uncertainty – particularly the economic crises in the Euro zone, political unrest in the Middle East and the slowdown in GDP growth in China has driven reduced margin opportunities. However, our market remains competitive on the back of all of this uncertainty.

We look to overcome these uncertainties by continuing to build robust relationships with our customers, and this, coupled with our focus on value added transactions, enables us to consolidate an already successful base.

The company's position at the end of the year

Our net asset position at the year-end remains strong.

The Directors remain confident that, with the support of employees and customers, the business is well placed to meet the challenges of the markets over the coming year.

Results and dividends

The results for the year are set out on page 7.

A final ordinary dividend was paid amounting to £nil (2014: £nil).

By order of the board



F. C. Miltenberger

Director

15 September 2016

SUNNEN PRODUCTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 and section 417(1) of the Companies Act 2006 relating to small companies.

Principal activities

The principal activity of the company continued to be that of the supply of engineering and modular fixing equipment and the distribution of honing abrasives and tools.

Future Developments

The Company intends to continue operating in the area of supplying engineering and modular fixing equipment.

Financial Instruments

The Company finances its activities with a combination of bank loans, related party loans and a line of credit, as disclosed in note 19. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities.

Financial instruments give rise to foreign currency, interest rate, credit, and liquidity risk information on how these risks arise is set out above, as are the objectives, policies and processes for their management and the methods used to measure each risk. The Group has assessed its risk to Financial Instruments and the steps taken to mitigate those risks in note 14 of the financial statements.

Directors

The directors do not hold any beneficial interest in the shares of the company nor in its ultimate parent company Sunnen Products Company.

J Hooper
M Haughey
M S Kreider
F. C. Miltenberger

(Resigned 24 December 2015)

(Appointed 8 September 2015)

Auditors

The auditors, UHY Hacker Young, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors 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 auditors are aware of that information.

By order of the board



F. C. Miltenberger
Director

15 September 2016

SUNNEN PRODUCTS LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practices (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;
- disclosed and explained in the financial statements;
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNNEN PRODUCTS LIMITED

We have audited the financial statements of Sunnen Products Limited for the year ended 31 December 2015 which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement 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 Financial Reporting Standard 102.

This report is made solely to the company's member, 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 member those matters we are required to state to him 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2-3, 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 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 (APB'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 group's and the parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SUNNEN PRODUCTS LIMITED (Continued)**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report and from preparing a strategic report.



Mr Matthew Anderson (Senior Statutory Auditor)

For and on behalf of UHY Hacker Young (Statutory Auditor)

Quadrant House
4 Thomas More Square
London E1W 1YW

15 September 2016

SUNNEN PRODUCTS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	2014 £
Turnover	3	22,238,149	21,044,120
Cost of sales		(11,940,399)	(10,571,801)
Gross profit		10,297,750	10,472,319
Administrative expenses		(9,017,184)	(9,763,150)
Other operating income (expense)		(9,882)	(33,030)
Operating profit	4	1,270,684	676,139
Interest receivable and similar income	8	9,535	15,570
Interest payable and similar charges	9	(158,378)	(163,210)
Profit on ordinary activities before taxation		1,121,841	528,499
Tax on profit on ordinary activities	10	(451,873)	(310,628)
Profit on ordinary activities after taxation		669,968	217,871
Profit for the financial year attributable to:			
Owners of the parent	24	620,361	165,971
Non-controlling interest		49,607	51,900
Total income for the year		669,968	217,871

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

There are no recognized gains and losses other than those passing through the profit and loss account.

SUNNEN PRODUCTS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Profit for the financial year	620,361	165,971
Exchange difference on translation of overseas operations	(18,534)	(306,527)
Total comprehensive income (loss) relating to the year	<u>601,827</u> =====	<u>(140,556)</u> =====

SUNNEN PRODUCTS LIMITED

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015**

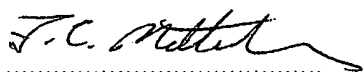
	Note	£	2015 £	£	2014 £
Fixed assets					
Intangible assets	11		103,138		136,933
Tangible assets	12		517,128		644,341
Investments			49,874		47,330
			<hr/>		<hr/>
			670,140		828,604
Current assets					
Stocks	15	6,656,616		7,178,748	
Debtors	16	4,872,214		4,609,578	
Cash at bank and in hand		3,142,326		2,185,746	
			<hr/>	<hr/>	
			14,671,156		13,974,072
Creditors: amounts falling due within one year	17		(6,351,906)		(6,402,090)
			<hr/>		<hr/>
Net current assets			8,319,250		7,571,982
			<hr/>		<hr/>
Total assets less current liabilities			8,989,390		8,400,586
Creditors: amounts falling due after more than one year	19		(2,202,955)		(2,336,201)
Provisions for liabilities and charges	20		(476,282)		(316,128)
			<hr/>		<hr/>
Net assets			6,310,153		5,748,257
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	22	2,020,302		2,020,302	
Profit and loss reserves	24	3,783,041		3,181,214	
			<hr/>	<hr/>	
Equity attributable to the owners of the parent	25		5,803,343		5,201,516
Non-controlling interest			506,810		546,741
			<hr/>	<hr/>	
Capital employed			6,310,153		5,748,257
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SUNNEN PRODUCTS LIMITED

**COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2015**

	Note	2015		2014	
		£	£	£	£
Fixed assets					
Tangible assets	12	61,468		87,043	
Investments	13	1,487,613		1,487,613	
		<u>1,549,081</u>		<u>1,574,656</u>	
Current assets					
Stocks	15	646,117		692,980	
Debtors	16	719,186		462,863	
Cash at bank and in hand		73,413		92,762	
		<u>1,438,716</u>		<u>1,248,605</u>	
Creditors: amounts falling due Within one year	17	<u>(851,444)</u>		<u>(648,321)</u>	
Net current assets		<u>587,272</u>		<u>600,284</u>	
Total assets less current liabilities		<u>2,136,353</u>		<u>2,174,940</u>	
Capital and reserves					
Called up share capital	22	2,020,302		2,020,302	
Profit and loss reserves	24	116,051		154,638	
Total equity		<u>2,136,353</u>		<u>2,174,940</u>	

The financial statements were approved by the board of directors and authorised for issue on 15 September 2016 and signed on its behalf by:



F. C. Miltenberger
Director

Company Registration No. 02890320

SUNNEN PRODUCTS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	Share Capital £	Profit and loss reserves £	Non- controlling interest £	Total £
Balance at 1 January 2014		2,020,302	3,407,300	549,119	5,891,191
Effect of transition to FRS 102	23	-	(85,530)	-	(85,530)
As restated		2,020,302	3,321,770	549,119	5,891,191
Period ended 31 December 2014:					
Profit and total comprehensive income for the year		-	165,971	51,900	217,871
Exchange difference on translation of overseas operations		-	(306,527)	(5,906)	(312,433)
Dividend		-	-	(48,372)	(48,372)
Total comprehensive loss relating to the year		-	(140,556)	(2,378)	(142,934)
Balance at 31 December 2014		2,020,302	3,181,214	546,741	5,748,257
Period ended 31 December 2015:					
Profit and total comprehensive income for the year		-	620,361	49,607	669,968
Exchange difference on translation of overseas operations		-	(18,534)	(31,060)	(49,594)
Dividend		-	-	(58,478)	(58,478)
Total comprehensive income (loss) relating to the year		-	601,827	(39,931)	561,896
Balance at 31 December 2015		2,020,302	3,783,041	506,810	6,310,153

SUNNEN PRODUCTS LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	£	2015 £	£	2014 £
Net cash inflow from operating activities	32		1,929,939		1,480,005
Returns on investments and servicing of finance					
Interest received		9,535		15,570	
Interest paid		(158,378)		(163,210)	
Dividend paid to minority interest		(58,478)		(48,372)	
Net cash outflow from returns on investment and servicing of finance			(207,321)		(196,012)
Taxation					
Foreign tax paid			(475,150)		(224,117)
Capital expenditure and financial investment					
Payment to acquire tangible fixed assets		(157,637)		(262,832)	
Receipts from sales of tangible fixed assets		72,626		56,360	
Net cash outflow from capital expenditure			(85,011)		(206,472)
Net cash inflow before management of liquid resources and financing			1,162,457		853,404
Financing					
Advance/(repayment) of long term loans		4,628		47,849	
Repayment of long term intercompany loan		(192,078)		(85,992)	
Capital repayment of finance lease		-		(1,863)	
Net cash outflow from financing			(187,450)		(40,006)
Increase in cash in the year	34		975,007		813,398

SUNNEN PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies

Company information

Sunnen Products Limited is a limited company domiciled and incorporated in England and Wales. The registered office is Unit 4B Finway Road, Hemel Hempstead, Hertfordshire, HP2 7PT.

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 £. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

The results of overseas subsidiary undertakings are translated into Sterling at the average rates of exchange during the year. The balance sheets are translated into Sterling at the rate of exchange ruling on the balance sheet date. Exchange differences arising on translation of opening shareholders' funds and the profit and loss movement for the year are recorded as a movement on reserves.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These group financial statements for the year ended 31 December 2015 are the first group financial statements of Sunnen Products Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014. As a result, the reported consolidated financial position and consolidated financial performance for the previous period were affected by the transition to FRS 102 as disclosed in Note 23.

Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings (note 13), drawn up to 31 December 2015. The results of subsidiary undertakings acquired have been included from the date of acquisition using the acquisition method of accounting. Profit or losses on intra-group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which existed at the date of acquisition are recorded at their fair values.

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.

SUNNEN PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

Turnover (continued)

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Intangible assets- goodwill costs

Acquired goodwill which is the excess of cost over the fair value of net assets acquired is written off in equal annual instalments over its estimated useful economic life which is assumed to be 10 years.

Tangible fixed assets and depreciation

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

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	10 years on a straight line basis
Plant and machinery	4-7 years on a straight line basis
Fixtures and fittings	4 years on a straight line basis
Computer equipment	3 years on a straight line basis
Motor vehicles	3 years on a straight line basis

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 recognised in the profit and loss account.

Impairment of fixed assets

At each reporting 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.

SUNNEN PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

Impairment of fixed assets (continued)

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) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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 cost, adjusted where applicable for any loss of service potential.

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.

Cash and cash equivalents

Cash and cash equivalents 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.

Financial instruments

The group and 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 statement of financial position 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 trade and other receivables 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.

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 publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

SUNNEN PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

Other financial assets (continued)

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.

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. The impairment loss 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 when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

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 trade and other payables, 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 receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables 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 they are included in a hedging arrangement.

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.

SUNNEN PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

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.

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.

Retirement benefits

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

Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain for taxation and accounting policies. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

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 bad debt allowance is maintained at a level considered adequate to provide for potential account losses based on the directors evaluation of the anticipated impact on the balance of current economic conditions, changes in the character and size of the balance, past and expected future loss experience and other pertinent factors.

SUNNEN PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2015

2. Judgements and key sources of estimation uncertainty (continued)

The carrying value of stock is reduced for excess and obsolete to their estimated net realizable value. The estimate of net realizable value of stock is based on analysis and assumptions including, but not limited to, historical usage, future demand and market requirements.

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

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

	2015 £	2014 £
Turnover		
Sale of goods	19,548,620	18,374,359
Services rendered	2,689,529	2,669,761
	<u>22,238,149</u>	<u>21,044,120</u>
	=====	=====
Turnover analysed by geographical market		
	2015 £	2014 £
United Kingdom	2,419,686	2,734,853
Europe	19,038,569	16,945,088
America	750,206	1,191,357
Rest of the world	29,688	172,822
	<u>22,238,149</u>	<u>21,044,120</u>
	=====	=====

4. Operating profit

The operating profit is stated after charging/(crediting):

	2015 £	2014 £
Amortisation of goodwill	25,417	28,217
Depreciation of tangible fixed assets	210,202	248,295
(Profit)/loss on disposal of tangible assets	5,170	2,725
Research and development expenditure	71,418	102,722
Exchange losses	372,504	323,332
Operating lease rentals		
-Plant and machinery	526,985	601,852
-Other assets	239,593	246,129
	<u>=====</u>	<u>=====</u>

SUNNEN PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

5. Auditors' remuneration	2015	2014
	£	£
Fees payable for the audit of the parent company and the consolidated accounts	21,802	16,746
Taxation services	3,000	3,435
	<u>=====</u>	<u>=====</u>

6. Employees

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

	2015	2014
	£	£
Administration	35	39
Technical	59	52
	<u>=====</u>	<u>=====</u>
	94	91

Their aggregate remuneration comprised:

	2015	2014
	£	£
Wages and salaries	4,792,056	5,049,155
Social security costs	444,514	523,636
Other pension costs	387,975	348,916
	<u>=====</u>	<u>=====</u>
	5,624,545	5,921,707

7. Directors' remuneration

	2015	2014
	£	£
Remuneration for qualifying services	68,679	68,901
Company pension contributions to defined contribution schemes	4,761	2,693
	<u>=====</u>	<u>=====</u>
	73,440	71,594

The number of directors accruing benefits under the money purchase pension scheme is 1 (2014: 1).

8. Interest receivable and similar income

	2015	2014
	£	£
Interest income		
Interest on bank deposits	9,535	15,570
	<u>=====</u>	<u>=====</u>
Total income	9,535	15,570
	<u>=====</u>	<u>=====</u>
Interest on financial assets not measured at fair value through profit or Loss	9,535	15,570
	<u>=====</u>	<u>=====</u>

SUNNEN PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

9. Interest payable and similar charges

	2015	2014
	£	£
Interest on financial liabilities measured at amortised cost:		
Bank interest payable	37,711	40,857
Interest payable to parent company	78,394	79,950
Other charges		
Bank charges	42,273	42,403
	<hr/>	<hr/>
Total expense	158,378	163,210
	<hr/> <hr/>	<hr/> <hr/>

10. Taxation

The tax charge on the profit on ordinary activities for the year was as follows:

	2015	2014
	£	£
Domestic current year tax		
U.K. corporation tax	-	-
Overseas current tax	291,719	284,714
	<hr/>	<hr/>
Current tax charge	291,719	284,714
Deferred tax		
Deferred tax charge/credit current year	160,154	25,914
	<hr/>	<hr/>
Total tax charge	451,873	310,628
	<hr/> <hr/>	<hr/> <hr/>

SUNNEN PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2015

10. Taxation (continued)

Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	1,121,841	528,499
	=====	=====
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.25% (2014 – 21.5%)	227,173	113,627
	-----	-----
Effects of:		
Non-deductible expenses	14,487	26,430
Depreciation	2,464	1,907
Capital allowances	-	(3,406)
Tax gains (losses)	229,256	68,670
Adjustments to previous periods	-	(20,124)
Overseas profits taxed at rates different to those of the UK	(182,264)	96,091
Other tax differences	603	1,519
	-----	-----
	64,546	171,087
	-----	-----
Current tax charge	291,719	284,714
	=====	=====

On 2 July 2013, the Finance Bill received its final reading in the House of Commons, and the previously announced rate of corporation tax of 21% from 1 April 2014 to 31 March 2015, and 20% from 1 April 2015 onwards were substantially enacted. The effective rate of UK corporation tax that applies for the year is 20.25% (2014: 21.5%).

11. Intangible fixed assets Group

	Goodwill
	£
Cost	
At 1 January 2015	273,865
Exchange adjustment	(16,020)

At 31 December 2015	257,845

Amortisation	
At 1 January 2015	136,932
Exchange adjustment	(7,642)
Charge for year	25,417

At 31 December 2015	154,707

Net book value	
At 31 December 2015	103,138
	=====
At 31 December 2014	136,933
	=====

SUNNEN PRODUCTS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2015
12. Tangible fixed assets

Group	Leasehold improvements £	Computer equipment £	Plant & machinery £	Fixtures & fittings £	Motor Vehicles £	Totals £
Cost						
At 1 January 2015	201,743	1,332,772	1,001,809	990,974	78,420	3,605,718
Exchange adjustment	(10,625)	17,589	21,509	9,260	606	38,339
Additions	-	82,249	10,888	59,972	4,528	157,637
Disposals	-	(10,418)	(1,306)	(70,549)	(37,466)	(119,739)
At 31 December 2015	191,118	1,422,192	1,032,900	989,657	46,088	3,681,955
Depreciation						
At 1 January 2015	154,679	1,237,524	749,708	773,845	45,621	2,961,377
Exchange adjustment	(7,567)	32,480	(8,297)	8,794	9,781	35,191
Eliminated on disposals	-	(6,701)	(1,306)	(6,470)	(27,466)	(41,943)
Charge for year	21,211	73,169	78,017	36,438	1,367	210,202
At 31 December 2015	168,323	1,336,472	818,122	812,607	29,303	3,164,827
Net book value						
At 31 December 2015	22,795	85,720	214,778	177,050	16,785	517,128
At 31 December 2014	47,064	95,248	252,101	217,129	32,799	644,341
Company	Leasehold improvements £	Computer equipment £	Plant & machinery £	Fixtures & fittings £	Motor Vehicles £	Totals £
Cost						
At 1 January 2015	20,097	134,284	225,230	105,647	58,090	543,348
Disposals	-	(681)	(260)	-	(28,162)	(29,103)
At 31 December 2015	20,097	133,603	224,970	105,647	29,928	514,245
Depreciation						
At 1 January 2015	20,097	128,502	167,946	104,533	35,227	456,305
On disposals	-	(681)	(260)	-	(18,162)	(19,103)
Charge for the year	-	2,009	13,539	27	-	15,575
At 31 December 2015	20,097	129,830	181,225	104,560	17,065	452,777
Net book value						
At 31 December 2015	-	3,773	43,745	1,087	12,863	61,468
At 31 December 2014	-	5,782	57,284	1,114	22,863	87,043

SUNNEN PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2015

12. 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. The depreciation charge in respect of such assets amounted to £- (2014: £3,800) for the year.

Group and company	2015 £	2014 £
Motor vehicles	12,864 =====	22,863 =====

13. Fixed asset investments Company

	Shares in subsidiary undertakings £
Cost	
At 1 January 2015 & at December 2015	1,487,613 -----
Net book value	
At 31 December 2015	1,487,613 =====
At 31 December 2014	1,487,613 =====

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held	%
Subsidiary undertakings				
Sunnen Europe Holdings AG	Switzerland	Ordinary		100.00
Sunnen Italia	Italy	Ordinary		60.00
Sunnen Polska	Poland	Ordinary		100.00
Sunnen s.r.o.	Czech Republic	Ordinary		100.00
Sunnen RUS LLC	Russia	Ordinary		100.00
Sunnen SAS LLC	France	Ordinary		100.00
Sunnen AG	Switzerland	Ordinary		100.00
Sunnen Benelux bvba	Belgium	Ordinary		100.00
Sunnen Austria GmbH	Austria	Ordinary		100.00

The company's investment in Sunnen AG, Sunnen Polska, Sunnen s.r.o. Sunnen RUS LLC, Sunnen SAS LLC, Sunnen Benelux bvba, and Sunnen Austria GmbH are held indirectly via Sunnen Europe Holdings AG. Sunnen Austria GmbH was formed in 2013.

The results of all of the above companies have been consolidated in these accounts.

SUNNEN PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2015

14. Financial instruments

	2015 £	2014 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	7,238,342	5,938,388
	=====	=====
Carrying amount of financial liabilities		
Measured at amortised cost	5,111,412	4,568,005
	=====	=====

The carrying amount of financial assets and financial liabilities is a reasonable approximation of the fair value.

Financial Risk Management

The Group has exposures to four main areas of risk – liquidity, foreign currency, credit and interest rate.

Liquidity Risk

The objective of the Group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Group expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the Group has credit facilities available. Given the cash balance the Group is in position to meet its commitments and obligations as they come due.

Foreign Currency Risk

The Group is exposed to currency exchange rate risk due to a significant proportion of its operating activities being denominated in non-Sterling currencies. The Group will follow the Parent's instruction to ensure minimum exposure to fluctuations in the value of Sterling.

Credit Risk

The Group may offer credit terms to its customers which allows payment of the debt after delivery of the goods or services. The Group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships and credit checks performed on all customers.

Interest Rate Risk

The Group is exposed to interest rate risk due to the debt financing required to continue its operations. The downside risk associated with the debt held is however offset by upside risk on cash balances.

15. Stocks

	2015 £	2014 £
Group		
Finished goods and goods for resale	6,656,616	7,178,748
	=====	=====
Company		
Finished goods and goods for resale	646,117	692,980
	=====	=====

SUNNEN PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2015

16. Debtors: amounts falling due within one year

	2015 £	2014 £
Group		
Trade debtors	3,985,738	3,488,184
Amounts owed by parent and fellow subsidiary undertakings company	110,278	264,458
Other debtors	446,698	368,156
Prepayments and accrued income	329,500	488,780
	<u>4,872,214</u>	<u>4,609,578</u>
	=====	=====
Company	2015 £	2014 £
Trade debtors	652,025	409,392
Amounts owed by parent and fellow subsidiary undertakings	695	6,526
Amounts owed by subsidiary undertakings	-	36
Prepayments and accrued income	66,466	46,909
	<u>719,186</u>	<u>462,863</u>
	=====	=====

17. Creditors: amounts falling due within one year

	2015 £	2014 £
Group		
Bank loans and overdrafts (see note 19)	1,062,001	1,018,415
Trade creditors	943,099	751,982
Amounts owed to parent company (trading)	2,038,397	1,804,881
Other creditors	347,340	343,274
Taxes and social security costs	202,322	249,703
Deferred income	690,832	1,241,108
Accruals and deferred income	1,067,915	992,727
	<u>6,351,906</u>	<u>6,402,090</u>
	=====	=====
Company	2015 £	2014 £
Trade creditors	33,618	34,613
Amounts owed to parent undertakings	349,131	549,129
Amount owed to subsidiary undertakings	271,310	22,749
Taxes and social security costs	37,628	12,041
Deferred income	112,881	8,994
Accruals and deferred income	46,876	20,795
	<u>851,444</u>	<u>648,321</u>
	=====	=====

SUNNEN PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

18. Deferred income

Group	2015 £	2014 £
Other deferred income	690,832	1,241,108
	<u>690,832</u>	<u>1,241,108</u>
	=====	=====
Company	2015 £	2014 £
Other deferred income	112,881	8,994
	<u>112,881</u>	<u>8,994</u>
	=====	=====

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

Group	2015 £	2014 £
Amounts owed to parent company	2,181,829	2,269,739
Bank loan	21,126	66,462
	<u>2,202,955</u>	<u>2,336,201</u>
	=====	=====
Loans maturity analysis	2015 £	2014 £
Instalments due:		
Within one year	1,062,001	1,018,415
Between one and two years	21,126	66,462
	<u>1,083,127</u>	<u>1,084,877</u>
	=====	=====

Bank loan, issued with BNP Paribas, with £62,503 outstanding at December 31, 2015 and £109,037 outstanding at December 31, 2014 with principal payable in monthly instalments of £3,577 plus interest at 4.10%, due June 2017, unsecured.

Bank loan, issued with Thurgauer Kantonalbank under a line of credit, with CHF 1,500,000 or £1,020,624 outstanding at December 31, 2015 with interest payable monthly at 1.8% due February 2016, secured by net assets of Sunnen AG.

SUNNEN PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2015

20. Provisions for liabilities

Group	Deferred tax liability £
Balance at 1 January 2015	316,128
Profit and loss account	160,154
	<hr/>
Balance at 31 December 2015	476,282
	<hr/> <hr/>

The deferred tax liability is made up as follows:

	2015 £	2014 £
Other timing differences	224,062	176,442
Other differences	252,220	139,686
	<hr/>	<hr/>
	476,282	316,128
	<hr/> <hr/>	<hr/> <hr/>

At 31 December 2015, the Group had operating losses carried forward in respect of which no deferred tax assets were recognised amounting to approximately £nil (2014: £449,000) and such losses comprise, in the main, UK tax losses. The Directors do not consider it appropriate to recognise any deferred tax asset to reflect the potential benefit arising from such timing differences as at 31 December 2015, because they cannot predict when sufficient future taxable profits will be available to utilise these losses in the foreseeable future. There are no expiry date restrictions to these losses.

At 31 December 2015, the undistributed earnings of overseas subsidiaries capable of making a dividend were £3,686,000 (2014: £3,518,000). No deferred tax liabilities have been recognised in respect of undistributable earnings of overseas subsidiaries as no material liability is expected to arise on the distribution of these earnings under the applicable tax legislation.

21. Retirement benefit schemes

Defined contribution schemes

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.

The charge to profit and loss in respect of defined contribution schemes was £387,975 (2014 - £348,916).

22. Called up share capital

	2015 £	2014 £
Authorised		
3,000,000 Ordinary shares of £1 each	3,000,000	3,000,000
	<hr/>	<hr/>
	2015 £	2014 £
Allotted, called up and fully paid		
2,020,302 Ordinary shares of £1 each	2,020,302	2,020,302
	<hr/>	<hr/>

SUNNEN PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2015

23. Transition to FRS102

The reported financial position and financial performance for the previous period was affected by the transition to FRS 102. Under FRS 102, internally generated intangible assets are required to be expensed. In the year, previously these costs were capitalised and subsequently amortised on a straight line basis in accordance with their useful economic life.

The internally generated assets were expensed in the year they occurred and amortisation charges in the year ended 31 December 2014 have been reversed. The impact on the financial statements for the FRS 102 adjustments were to decrease the amortisation charge in the year ended 31 December 2014 and decrease the profit and loss reserves brought forward. Intangible assets and profit and loss accounts were restated as follows:

Group	Profit and loss account as previously reported £	Amortisation Restatement £	Profit and loss account as restated £
Balance at 1 January 2014	3,407,300	(85,530)	3,321,770
Retained profit/(loss) for the year	119,174	46,797	165,971
Dividends paid	-	-	-
Exchange differences on translation of overseas operations	(309,424)	2,897	(306,527)
	<u>3,217,050</u>	<u>(35,836)</u>	<u>3,181,214</u>

Group	Balance sheet as previously reported £	Restatement £	Balance sheet as restated £
Intangible fixed assets at 31 December 2014	<u>172,769</u>	<u>(35,836)</u>	<u>136,933</u>

24. Statement of movements on profit and loss account

Group	Profit and loss account £
Balance at 1 January 2015	3,181,214
Retained profit/(loss) for the year	620,361
Dividends paid	-
Exchange differences on translation of overseas operations	(18,534)
	<u>3,783,041</u>
Balance at 31 December 2015	<u>3,783,041</u>

As permitted by Section 408 of the Companies Act 2006, no profit and loss account for the group is included in the parent company financial statements. The profit for the financial year for the group was £620,361 (2014: £165,971).

SUNNEN PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2015

24. Statement of movements on profit and loss account (continued)

Company	£
Balance at 1 January 2015	154,638
Loss for the year	(38,587)
	<hr/>
Balance at 31 December 2015	116,051
	<hr/>

As permitted by Section 408 of the Companies Act 2006, no profit and loss account for the company is included in these financial statements. The profit/(loss) for the financial year for the company was £(38,587) (2014: £46,914).

25. Reconciliation of movements in shareholders' funds

Group	2015 £
Profit for the financial year	620,361
Dividends paid	-
Exchange differences on translation of overseas operations	(18,534)
	<hr/>
Net increase in shareholders' funds	601,827
Opening shareholders' funds	5,201,516
	<hr/>
Closing shareholders' funds	5,803,343
	<hr/> <hr/>

26. Ultimate parent company

The immediate and ultimate parent company is Sunnen Products Company, a company which is registered in the USA.

27. Financial commitments, guarantees and contingent liabilities

At 31 December 2015 there were contingent liabilities of £40,000 (2014: £40,000) for indemnities in favour of HM Revenue and Customs and the International Air Transport Association. These arose in the normal course of business and no liabilities are expected to arise.

The company is party to a cross guarantee arrangement with Sunnen Products Limited in respect of bank balances and overdrafts held by the company.

SUNNEN PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2015

28. Operating lease commitments

Lessee

Operating lease payments represent rentals payable for the company for the certain of its property and the use of its motor vehicles. Leases are typically arranged between 2 and 10 years.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Group

	2015 £	2014 £
Within one year	615,841	658,156
Between two and five years	1,688,094	1,904,997
In over five years	174,247	520,998
	<u>2,478,182</u>	<u>3,084,151</u>

Company

	2015 £	2014 £
Within one year	92,635	79,126
Between two and five years	240,022	233,306
In over five years	174,247	224,247
	<u>506,904</u>	<u>536,679</u>

29. Control

The ultimate parent company is Sunnen Products Company which is owned by the Joseph Sunnen Family Trust.

30. Related party transactions

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking.

During the year the group made purchases of £7,237,706 (2014: £5,926,925) from its ultimate parent company. During the year the group had sales of £747,515 (2014: £1,129,452) to its ultimate parent company. Amounts due to and from this company are shown in notes 16 and 17.

The group has a promissory note with its ultimate parent company with CHF 3,206,686 and £2,181,829 outstanding at December 31, 2015 with principal payable in quarterly instalments of £46,872 plus interest at 2.65% plus 360 day LIBOR rate, due February 2020, unsecured.

During the year the group received a dividend of £88,100 (2014: £74,202) from Sunnen Italia, a 60% owned subsidiary of the company.

SUNNEN PRODUCTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2015

30. Related party transactions (continued)

Remuneration of key management personnel

The remuneration of key management personnel, including directors, is as follows.

	2015 £	2014 £
Aggregate compensation	502,824	499,053

No guarantees have been given or received.

31. Directors' transactions

During the year, a car with a net book value of £10,000 was sold to Julian Hooper, a director, for proceeds of £4,830. A loss on disposal of £5,170 has been recorded in admin expenses.

32. Reconciliation of operating profit to net cash inflow (outflow) from operating activities – Group

	2015 £	2014 £
Operating profit	1,270,684	676,139
Depreciation charges	210,202	248,295
Amortisation charges	25,417	28,217
(Gain)/loss on disposal of fixed assets	5,170	2,725
(Increase)/decrease in stock	461,612	(709,054)
Increase in debtors	(240,989)	(157,046)
Increase/(decrease) in creditors	197,843	1,390,729
Net cash inflow from operating activities	1,929,939	1,480,005

33. Analysis of net changes in funds Group

	1 Jan 2015 £	Cash flow £	Foreign exchange £	31 Dec 2015 £
Cash at bank and in hand	2,185,746	975,007	(18,427)	3,142,326
Bank loans within one year	(1,018,415)	(44,784)	1,198	(1,062,001)
Bank loans after more than one year	(66,462)	40,156	5,180	(21,126)
	(1,084,877)	(4,628)	6,378	(1,083,127)
Total net funds	1,100,869	970,379	(12,049)	2,059,199

SUNNEN PRODUCTS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
FOR THE YEAR ENDED 31 DECEMBER 2015

34. Reconciliation of net cash flow to movement in net debt

Group	2015 £	2014 £
Increase/(decrease) in cash in the year	975,007	813,398
Cash inflow/(outflow) from the increase in debt financing	(4,628)	(47,849)
	<hr/>	<hr/>
Changes in net debt in year	970,379	765,549
Effect of foreign exchange movements	(12,049)	(51,117)
Opening net debt	1,100,869	386,437
	<hr/>	<hr/>
Closing net debt	2,059,199	1,100,869
	<hr/> <hr/>	<hr/> <hr/>