

COMPANY REGISTRATION NUMBER: 02731823

T.P.R. Limited
Financial Statements
For the year ended
31 December 2017



T.P.R. Limited
Financial Statements
Year ended 31 December 2017

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T.P.R. Limited

Officers and Professional Advisers

The board of directors

D Atkins
M Fornari

Company secretary

D Atkins

Registered office

Evington Valley Road
Leicester
LE5 5LZ

Auditor

Streets Audit LLP
Chartered Accountants & statutory auditor
Enterprise House
38 Tyndall Court
Commerce Road
Lynch Wood
Peterborough
Cambridgeshire
PE2 6LR

Bankers

Barclays
1 Church Street
Peterborough
PE1 1EZ

T.P.R. Limited

Strategic Report

Year ended 31 December 2017

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and nature of our business, incorporating our key performance indicators and the principal risks and uncertainties that the business faces.

The group continues to design, manufacture and sell high power electrical resistors.

In line with expectations, turnover increased 13% during the year from £10.9m to £12.3m. However increased direct costs resulted in reduced gross profit from £3.3m to £2.9m. Increased administrative expenses during the year resulting in an operating profit of £890k (2016 - £1.5m). There was also a non recurring tax charge as detailed in the notes to the financial statements that resulted in a net loss of £514k.

The results for the year reflect the challenges which the group has faced during the period. The directors anticipate an increase in operating profit for 2018, returning to that achieved in 2016.

Financial risk management objectives and policies

The group's principal financial instruments comprise cash and various items, such as trade debtors and trade creditors, which arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the group's operations.

The existence of financial instruments exposes the group to a number of financial risks such as credit risk and liquidity risk, however the strong cash reserves of the company mitigates these risks.

Despite the low level of financial risk faced by the group, the directors consider it important to review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Credit risk

The group seeks to manage its credit risk by dealing with established customers or otherwise checking the credit-worthiness of new customers, establishing clear contractual relationships with those customers and by identifying and addressing any credit issues arising in a timely manner.

Currency risk

The group minimises its risk to foreign currency fluctuations by invoicing and purchasing in sterling where possible, and where not by balancing as far as possible sales and purchases in Dollars and Euros.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by overdraft facilities. The group as far as possible minimises its risk to foreign currency fluctuations by invoicing and purchasing in sterling.

The group is exposed, as are its competitors, to fluctuating steel prices. Consideration is given to this when tendering for contracts.

T.P.R. Limited

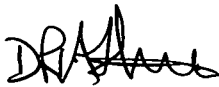
Strategic Report *(continued)*

Year ended 31 December 2017

Outlook

The group entered the current financial year with a strong business pipeline, as reflected in positive budgets for the year. The board will continue to react to market conditions whilst maintaining its high standards and continuing to deliver value to its customer base whilst delivering operational efficiencies to the business.

This report was approved by the board of directors on 06/08/18 and signed on behalf of the board by:



D Atkins
Company Secretary

Registered office:
Evington Valley Road
Leicester
LE5 5LZ

T.P.R. Limited

Directors' Report

Year ended 31 December 2017

The directors present their report and the financial statements of the group for the year ended 31 December 2017.

Directors

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

D Atkins
M Fornari

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

Research and development

During the year the group incurred £82,252 (2016 - £29,489) in research and development costs.

Disclosure of information in the strategic report

The company has chosen to set out in the strategic report information about the future developments of the company and the financial instruments.

Directors' responsibilities statement

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

T.P.R. Limited

Directors' Report *(continued)*

Year ended 31 December 2017

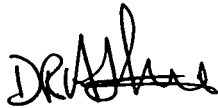
Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

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

This report was approved by the board of directors on ...0.6...06/18 and signed on behalf of the board by:



D Atkins
Company Secretary

Registered office:
Evington Valley Road
Leicester
LE5 5LZ

T.P.R. Limited

Independent Auditor's Report to the Members of T.P.R. Limited

Year ended 31 December 2017

Opinion

We have audited the financial statements of T.P.R. Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the consolidated income statement, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

T.P.R. Limited

Independent Auditor's Report to the Members of T.P.R. Limited *(continued)*

Year ended 31 December 2017

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

T.P.R. Limited

Independent Auditor's Report to the Members of T.P.R. Limited *(continued)*

Year ended 31 December 2017

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Jonathan Day (Senior Statutory Auditor)

For and on behalf of
Streets Audit LLP
Chartered Accountants & statutory auditor
Enterprise House
38 Tyndall Court
Commerce Road
Lynch Wood
Peterborough
Cambridgeshire
PE2 6LR

17 August 2018.

T.P.R. Limited
Consolidated Income Statement
Year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	5	12,340,783	10,893,423
Cost of sales		<u>9,488,592</u>	<u>7,598,474</u>
Gross profit		2,852,191	3,294,949
Administrative expenses		<u>1,961,858</u>	<u>1,768,351</u>
Operating profit	6	890,333	1,526,598
Exceptional items		918,080	—
Other interest receivable and similar income	11	<u>439</u>	<u>3,025</u>
(Loss)/profit before taxation		(27,308)	1,529,623
Tax on (loss)/profit	12	<u>487,051</u>	<u>451,390</u>
(Loss)/profit for the financial year		<u>(514,359)</u>	<u>1,078,233</u>

All the activities of the group are from continuing operations.

The group has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 15 to 29 form part of these financial statements.

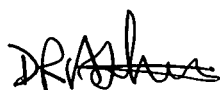
T.P.R. Limited

Consolidated Statement of Financial Position

31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	14	816,936	915,721
Tangible assets	15	1,265,175	864,294
		<u>2,082,111</u>	<u>1,780,015</u>
Current assets			
Stocks	17	1,732,393	2,051,105
Debtors	18	2,774,612	3,971,970
Cash at bank and in hand		1,062,564	3,172,582
		<u>5,569,569</u>	<u>9,195,657</u>
Creditors: amounts falling due within one year	19	<u>1,610,313</u>	<u>4,439,277</u>
Net current assets		<u>3,959,256</u>	<u>4,756,380</u>
Total assets less current liabilities		<u>6,041,367</u>	<u>6,536,395</u>
Provisions			
Taxation including deferred tax	20	123,585	104,254
Net assets		<u>5,917,782</u>	<u>6,432,141</u>
Capital and reserves			
Called up share capital	24	416,244	416,244
Share premium account	25	702,729	702,729
Capital redemption reserve	25	22,961	22,961
Profit and loss account	25	4,775,848	5,290,207
Shareholders funds		<u>5,917,782</u>	<u>6,432,141</u>

These financial statements were approved by the board of directors and authorised for issue on 06/09/2018, and are signed on behalf of the board by:



D Atkins
Director

Company registration number: 02731823

The notes on pages 15 to 29 form part of these financial statements.

T.P.R. Limited

Company Statement of Financial Position

31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	16	1,187,690	1,187,690
Current assets			
Debtors	18	–	1,000,000
Cash at bank and in hand		1,796	1,887
		<u>1,796</u>	<u>1,001,887</u>
Creditors: amounts falling due within one year	19	<u>4,500</u>	<u>1,004,500</u>
Net current liabilities		<u>2,704</u>	<u>2,613</u>
Total assets less current liabilities		<u>1,184,986</u>	<u>1,185,077</u>
Net assets		<u>1,184,986</u>	<u>1,185,077</u>
Capital and reserves			
Called up share capital	24	416,244	416,244
Share premium account	25	702,729	702,729
Capital redemption reserve	25	22,961	22,961
Profit and loss account	25	43,052	43,143
Shareholders funds		<u>1,184,986</u>	<u>1,185,077</u>

The loss for the financial year of the parent company was £91 (2016: £1,000,223 profit).

These financial statements were approved by the board of directors and authorised for issue on ...0.6./08./18, and are signed on behalf of the board by:



D Atkins
Director

Company registration number: 02731823

The notes on pages 15 to 29 form part of these financial statements.

T.P.R. Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2017

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2016	416,244	702,729	22,961	5,211,974	6,353,908
Profit for the year	—	—	—	1,078,233	1,078,233
Total comprehensive income for the year	—	—	—	1,078,233	1,078,233
Dividends paid and payable 13	—	—	—	(1,000,000)	(1,000,000)
Total investments by and distributions to owners	—	—	—	(1,000,000)	(1,000,000)
At 31 December 2016	416,244	702,729	22,961	5,290,207	6,432,141
Loss for the year	—	—	—	(514,359)	(514,359)
Total comprehensive income for the year	—	—	—	(514,359)	(514,359)
At 31 December 2017	<u>416,244</u>	<u>702,729</u>	<u>22,961</u>	<u>4,775,848</u>	<u>5,917,782</u>

The notes on pages 15 to 29 form part of these financial statements.

T.P.R. Limited

Company Statement of Changes in Equity

Year ended 31 December 2017

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2016	416,244	702,729	22,961	42,920	1,184,854
Profit for the year	—	—	—	1,000,223	1,000,223
Total comprehensive income for the year	—	—	—	1,000,223	1,000,223
Dividends paid and payable 13	—	—	—	(1,000,000)	(1,000,000)
Total investments by and distributions to owners	—	—	—	(1,000,000)	(1,000,000)
At 31 December 2016	416,244	702,729	22,961	43,143	1,185,077
Loss for the year	—	—	—	(91)	(91)
Total comprehensive income for the year	—	—	—	(91)	(91)
At 31 December 2017	<u>416,244</u>	<u>702,729</u>	<u>22,961</u>	<u>43,052</u>	<u>1,184,986</u>

The notes on pages 15 to 29 form part of these financial statements.

T.P.R. Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2017

	2017 £	2016 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(514,359)	1,078,233
<i>Adjustments for:</i>		
Depreciation of tangible assets	168,711	146,647
Amortisation of intangible assets	98,785	98,785
Other interest receivable and similar income	(439)	(3,025)
Gains on disposal of tangible assets	(13,500)	(2,033)
Tax on (loss)/profit	487,051	451,390
Accrued (income)/expenses	(300,472)	416,394
<i>Changes in:</i>		
Stocks	318,712	(785,000)
Trade and other debtors	1,197,358	(1,910,520)
Trade and other creditors	(1,324,095)	976,899
Cash generated from operations	<u>117,752</u>	<u>467,770</u>
Interest received	439	3,025
Tax paid	(672,117)	(229,446)
Net cash (used in)/from operating activities	<u>(553,926)</u>	<u>241,349</u>
Cash flows from investing activities		
Purchase of tangible assets	(569,592)	(235,173)
Proceeds from sale of tangible assets	13,500	9,503
Net cash used in investing activities	<u>(556,092)</u>	<u>(225,670)</u>
Cash flows from financing activities		
Dividends paid	(1,000,000)	—
Net cash used in financing activities	<u>(1,000,000)</u>	<u>—</u>
Net (decrease)/increase in cash and cash equivalents	(2,110,018)	15,679
Cash and cash equivalents at beginning of year	3,172,582	3,156,903
Cash and cash equivalents at end of year	<u>1,062,564</u>	<u>3,172,582</u>

The notes on pages 15 to 29 form part of these financial statements.

T.P.R. Limited

Notes to the Financial Statements

Year ended 31 December 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Evington Valley Road, Leicester, LE5 5LZ.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Company information

T.P.R. Limited is a limited liability company, incorporated in England and Wales. The principal place of business is the registered office. The principal activity of the company during the year was that of a holding company. The principal activity of its subsidiary company during the year was the design, manufacture and sale of high power electrical resistors.

4. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Consolidation

The financial statements consolidate the financial statements of the Group and all of its subsidiary undertakings.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not included its individual statement of comprehensive income.

T.P.R. Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

4. Accounting policies *(continued)*

Judgements 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. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as disclosed in the accounting policies and notes to the financial statements.

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as disclosed in the accounting policies and notes to the financial statements.

1 Depreciation charge

The annual depreciation charge for each class of tangible fixed asset is based on an estimate of the useful economic life of the respective assets. This is reviewed periodically by the directors to ensure that they reflect both the external and internal factors.

2 Amortisation

The annual amortisation charge for intangible assets and goodwill is based on an estimate of the useful economic life of the respective assets. This is reviewed periodically by the directors to ensure that they reflect both the external and internal factors.

3 Impairment of investments

The group makes an estimate of the recoverable value of investments. When assessing impairment of investments, management considers factors including the net assets of the investments.

4 Treatment of Advanced Payment Notices

The directors have recognised the net of the liability in respect of Advanced Payment Notices received from HMRC and the benefit of the related insurance policy.

T.P.R. Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

4. Accounting policies *(continued)*

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on despatch of the goods, the amount of revenue can be measured reliably, it is probable that the associated economic benefits will flow to the entity, and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Exceptional items

Exceptional items are disclosed separately in the financial statements in order to provide further understanding of the financial performance of the entity. They are material items of income or expense that have been shown separately because of their nature or amount.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all material timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit or loss.

T.P.R. Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

4. Accounting policies *(continued)*

Operating leases

Lease income is recognised in profit or loss on a straight line basis over the lease term. The aggregate cost of lease incentives are recognised as a reduction to income over the lease term on a straight-line basis. Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Any initial direct costs incurred in negotiating and arranging the operating lease are added to the carrying amount of the lease and recognised as an expense over the lease term on the same basis as the lease income.

Goodwill

Goodwill arising on consolidation represents business acquisitions and the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business. Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Patents are initially recorded at cost.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses. Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation

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

Goodwill	- 5% straight line
Patents	- 20% straight line

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

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

T.P.R. Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

4. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	- 8 to 33% straight line
Fixtures and fittings	- 10% straight line
Motor vehicles	- 20% straight line
Property improvements	- 10% straight line

Investments

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

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is derived from purchase invoices. Stock is recorded on a first in first out basis.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

T.P.R. Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

5. Turnover

Turnover arises from:

	2017	2016
	£	£
Sale of goods	<u>12,340,783</u>	<u>10,893,423</u>

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2017	2016
	£	£
United Kingdom	6,781,874	5,510,382
Overseas	<u>5,558,909</u>	<u>5,383,041</u>
	<u>12,340,783</u>	<u>10,893,423</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2017	2016
	£	£
Amortisation of intangible assets	98,785	98,785
Depreciation of tangible assets	168,711	146,647
Gains on disposal of tangible assets	(13,500)	(2,033)
Impairment of trade debtors	–	1,603
Foreign exchange differences	(6,109)	(323,300)
Operating lease costs	<u>236,451</u>	<u>208,440</u>

7. Auditor's remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	<u>16,000</u>	<u>15,500</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>2,750</u>	<u>1,925</u>

8. Staff costs

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

	2017	2016
	No.	No.
Production staff	49	50
Management staff	<u>46</u>	<u>43</u>
	<u>95</u>	<u>93</u>

T.P.R. Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

8. Staff costs *(continued)*

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

	2017	2016
	£	£
Wages and salaries	3,098,484	3,029,744
Social security costs	368,810	343,565
Other pension costs	125,494	114,392
	<u>3,592,788</u>	<u>3,487,701</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	372,745	636,944
Company contributions to defined contribution pension plans	35,424	31,597
	<u>408,169</u>	<u>668,541</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2017	2016
	No.	No.
Defined contribution plans	<u>4</u>	<u>4</u>

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

	2017	2016
	£	£
Aggregate remuneration	114,920	187,600
Company contributions to defined contribution pension plans	13,000	10,000
	<u>127,920</u>	<u>197,600</u>

10. Exceptional items

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Exceptional costs	918,080	—	918,080	—
Tax charge	516,616	—	516,616	—
	<u>1,434,696</u>	<u>—</u>	<u>1,434,696</u>	<u>—</u>

T.P.R. Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

10. Exceptional items *(continued)*

During the year the group incurred additional unexpected costs of £918,080 in relation to a delay in the final delivery of equipment on a contract. The delay was due to the temporary failure of part of the loadbank and as a result the client requested to hire a spare one for the delayed time in order to complete their test according to their plan. This is considered an exceptional item by the directors and has therefore been disclosed separately in the Consolidated Income Statement.

There has also been a non recurring tax charge of £516,616 in the year, more details are disclosed in note 12 of the financial statements.

11. Other interest receivable and similar income

	2017	2016
	£	£
Interest on cash and cash equivalents	<u>439</u>	<u>3,025</u>

12. Tax on (loss)/profit

Major components of tax income

	2017	2016
	£	£
Current tax:		
UK current tax income	504,336	432,642
Adjustments in respect of prior periods	<u>(36,616)</u>	<u>—</u>
Total current tax	<u>467,720</u>	<u>432,642</u>
Deferred tax:		
Origination and reversal of timing differences	<u>19,331</u>	<u>18,748</u>
Tax on (loss)/profit	<u>487,051</u>	<u>451,390</u>

T.P.R. Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

12. Tax on (loss)/profit *(continued)*

Reconciliation of tax expense

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

	2017	2016
	£	£
(Loss)/profit on ordinary activities before taxation	(27,308)	1,529,623
(Loss)/profit on ordinary activities by rate of tax	(5,257)	305,925
Adjustment to tax charge in respect of prior periods	521,317	129,446
Effect of expenses not deductible for tax purposes	7,354	7,060
Effect of capital allowances and depreciation	16,849	8,959
Utilisation of tax losses	(11,895)	–
Research and development credit in respect of earlier years	(41,317)	–
Tax on (loss)/profit	<u>487,051</u>	<u>451,390</u>

The subsidiary company claimed trading losses from investments in Limited Liability Partnerships in earlier years. HMRC have disputed the treatment of these losses and have demanded additional corporation tax payments totalling £1,554,390.

During the year the company made on account payments to HMRC to avoid future interest charges being applied against these demands. The directors do not consider this to be an acceptance of the liability and continue to dispute the matter with HM Revenue & Customs.

At the time the company made some of the investments it also entered into insurance policies which, should the original loss relief be ultimately denied by HM Revenue & Customs, would reimburse the company for the cost of the investment and the insurance premium paid, should this happen the reimbursement to the company would total £518,766.

The directors have considered that the benefit of the insurance policies should be netted off against the corporation tax demands as without this net-off, the position reported would be more adverse than the overall worst case outcome for the company. The benefit of the insurance policies has therefore been recognised as a debtor and netted off against the liability in arriving at the tax charge in relation to prior years of £516,616 (earlier years £519,008).

13. Dividends

	2017	2016
	£	£
Dividends proposed before the year end and recognised as a liability	<u>–</u>	<u>1,000,000</u>

T.P.R. Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2017

14. Intangible assets

Group	Goodwill £	Patents, trademarks and licences £	Total £
Cost			
At 1 January 2017 and 31 December 2017	1,975,690	17,000	1,992,690
Amortisation			
At 1 January 2017	1,070,169	6,800	1,076,969
Charge for the year	98,785	–	98,785
At 31 December 2017	1,168,954	6,800	1,175,754
Carrying amount			
At 31 December 2017	806,736	10,200	816,936
At 31 December 2016	905,521	10,200	915,721

The company has no intangible assets.

15. Tangible assets

Group	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Property improvements £	Total £
Cost					
At 1 January 2017	2,341,743	173,899	19,750	75,162	2,610,554
Additions	545,826	18,766	–	5,000	569,592
Disposals	(75,172)	–	–	–	(75,172)
At 31 December 2017	2,812,397	192,665	19,750	80,162	3,104,974
Depreciation					
At 1 January 2017	1,550,359	142,564	16,998	36,339	1,746,260
Charge for the year	153,815	5,944	1,270	7,682	168,711
Disposals	(75,172)	–	–	–	(75,172)
At 31 December 2017	1,629,002	148,508	18,268	44,021	1,839,799
Carrying amount					
At 31 December 2017	1,183,395	44,157	1,482	36,141	1,265,175
At 31 December 2016	791,384	31,335	2,752	38,823	864,294

The company has no tangible assets.

T.P.R. Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

16. Investments

Group	Other investments other than loans £
Cost	
At 1 January 2017 and 31 December 2017	<u>935,615</u>
Impairment	
At 1 January 2017 and 31 December 2017	<u>935,615</u>
Carrying amount	
At 1 January 2017 and 31 December 2017	<u>—</u>
At 31 December 2016	<u>—</u>
Company	Shares in group undertakings £
Cost	
At 1 January 2017 and 31 December 2017	<u>1,187,690</u>
Impairment	
At 1 January 2017 and 31 December 2017	<u>—</u>
Carrying amount	
At 1 January 2017 and 31 December 2017	<u>1,187,690</u>
At 31 December 2016	<u>1,187,690</u>

The group has invested £935,615 in Limited Liability Partnerships. The directors continue to value these investments at £nil at the year end date based on the net assets of the partnership.

The results of these investments are not consolidated into the group accounts.

Subsidiaries, associates and other investments

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

Subsidiary undertakings	Class of share	Percentage of shares held
Cressall Resistors Limited, Evington Valley Road, Leicester, LE5 5LZ	Ordinary	100

T.P.R. Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2017

17. Stocks

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Raw materials and consumables	1,274,401	1,471,169	–	–
Work in progress	457,992	579,936	–	–
	<u>1,732,393</u>	<u>2,051,105</u>	<u>–</u>	<u>–</u>

18. Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	1,868,335	3,192,256	–	–
Amounts owed by group undertakings	–	–	–	1,000,000
Prepayments and accrued income	199,544	184,339	–	–
Corporation tax repayable	114,499	–	–	–
Amounts recoverable on contracts	10,681	70,337	–	–
Other debtors	581,553	525,038	–	–
	<u>2,774,612</u>	<u>3,971,970</u>	<u>–</u>	<u>1,000,000</u>

The debtors above include the following amounts falling due after more than one year:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Other debtors	<u>518,766</u>	<u>–</u>	<u>–</u>	<u>–</u>

Other debtors includes an insurance policy receivable of £518,766 (2016 - £518,766), please see note 12 to the financial statements for more details in relation to this.

19. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Payments received on account	25,294	15,027	–	–
Trade creditors	1,064,780	1,255,270	–	–
Accruals and deferred income	215,921	516,393	4,500	4,500
Corporation tax	–	204,397	–	–
Social security and other taxes	77,308	99,288	–	–
Dividends payable	–	1,000,000	–	1,000,000
Accelerated payment notice	–	1,037,774	–	–
Other creditors	227,010	311,128	–	–
	<u>1,610,313</u>	<u>4,439,277</u>	<u>4,500</u>	<u>1,004,500</u>

T.P.R. Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

19. Creditors: amounts falling due within one year *(continued)*

Please see note 12 for more details of the Accelerated payment notice.

20. Provisions

Group	Deferred tax (note 21) £
At 1 January 2017	104,254
Additions	19,331
At 31 December 2017	<u>123,585</u>

The company does not have any provisions.

21. Deferred tax

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Included in provisions (note 20)	<u>123,585</u>	<u>104,254</u>	<u>—</u>	<u>—</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Accelerated capital allowances	125,479	106,048	—	—
Pension plan obligations	<u>(1,894)</u>	<u>(1,794)</u>	<u>—</u>	<u>—</u>
	<u>123,585</u>	<u>104,254</u>	<u>—</u>	<u>—</u>

The net reversal of deferred tax liability expected to occur during the next financial year is £92,956 being depreciation in excess of capital allowances.

22. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £90,070 (2016: £82,795).

T.P.R. Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

23. Financial instruments

The carrying amount for each category of financial instrument is as follows:

Financial assets that are debt instruments measured at amortised cost

	Group	
	2017	2016
	£	£
Financial assets that are debt instruments measured at amortised cost	<u>1,879,016</u>	<u>3,262,593</u>

Financial liabilities measured at amortised cost

	Group	
	2017	2016
	£	£
Financial liabilities measured at amortised cost	<u>1,879,016</u>	<u>1,255,270</u>

24. Called up share capital

Issued, called up and fully paid

	2017		2016
	No.	£	No.
	416,244	416,244	416,244
Ordinary shares of £1 each	<u>416,244</u>	<u>416,244</u>	<u>416,244</u>

25. Reserves

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

Capital redemption reserve - this reserve records the nominal value of shares repurchased by the company.

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

26. Operating leases

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Not later than 1 year	22,224	20,042	—	—
Later than 1 year and not later than 5 years	<u>37,238</u>	<u>42,043</u>	<u>—</u>	<u>—</u>
	<u>59,462</u>	<u>62,085</u>	<u>—</u>	<u>—</u>

T.P.R. Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

27. Related party transactions

Group

During the year the group purchased goods totalling £338,055 from other group companies (2016 - £264,286). The balance owing to other group companies at the year end was £18,362 (2016 - £19,429). Sales to other group companies in the year totalled £154,891 (2016 - £257,147) and the balance owing from other group companies was £85,889 (2016 - £32,512).

During the year the company was charged rent from a company with common directors, amounting to £168,641 (2016 - £168,641). At the year end the group owed £nil (2016 - £Nil) to this company.

During the year the company was charged management charges from other group companies totalling £122,706 (2016 - £108,934). At the year end the group owed £63,182 (2016 - £54,616) of this balance.

Company

During the year the company received dividends totalling £Nil (2016 - £1,000,000) from its subsidiary company.

The total compensation paid to key management personnel was £408,169 (2016 - £668,541).

28. Controlling party

The Fornari family are the company's controlling shareholders by virtue of their ownership of the group.