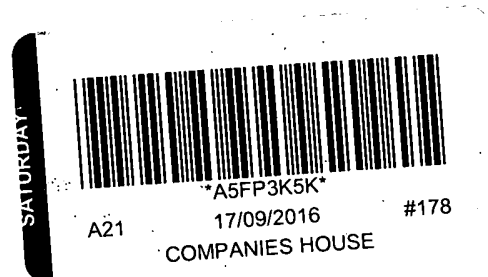


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Registration number: 02455748

**TBS ENGINEERING LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

Hazlewoods LLP  
Staverton Court  
Staverton  
Cheltenham  
Gloucestershire  
GL51 0UX



## **TBS ENGINEERING LIMITED**

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## **TBS ENGINEERING LIMITED**

### **COMPANY INFORMATION**

<b>Chairman</b>	L E Gardiner
<b>Directors</b>	D J Longney L E Gardiner V F Empson T Manenti S W Minchin
<b>Registered office</b>	Units 5 - 8 Lansdown Industrial Estate Gloucester Road Cheltenham Gloucestershire GL51 8PL
<b>Bankers</b>	Lloyds Banking Group plc 11-15 Monument Street London EC3V 9JA  Fifth Third Bank 38 Fountain Square Plaza Cincinnati OH 45263 USA
<b>Auditors</b>	Hazlewoods LLP Staverton Court Staverton Cheltenham Gloucestershire GL51 0UX

## **TBS ENGINEERING LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors present their strategic report for the year ended 31 December 2015.

#### **Principal activity**

The principal activity of the company is the design and manufacture of a range of special purpose equipment for the lead acid battery industry, used primarily in the manufacture and assembly of car and truck batteries

#### **Fair review of the business**

The company made a profit after tax of £7,855,166 (2014 - £7,711,531) from turnover of £28,615,821 (2014 - £29,844,521). The directors are pleased with the level of turnover and profits for the year. The company has net assets at 31 December 2015 of £16,144,157 (2014 - £10,677,401). Interim ordinary dividends have been paid in the year amounting to £2,000,000.

#### **Business environment:**

Consolidation within the industry has resulted in fewer large group structured customers with a group managed approach to capital investment. Much of this consolidation has been driven by the need to provide optimum efficient and cost reductions in a very competitive market place.

Within this competitive environment the company has differentiated itself from its competitors by providing:

- a) a complete one stop source of assembly equipment through the acquisition of previous competition;
- b) strong investment in innovative design to provide industry savings;
- c) high quality machinery manufacture delivering the end user with a critical quality product; and
- d) worldwide product availability, customer service and technical support.

#### **Strategy:**

The company's overriding objective is to achieve sustainable volume and margin through the provision of world class quality design and manufacture which is at the forefront of industry expectations.

A broad product range covering the technical requirements and budgets of all customers is key to sustaining volume in a cyclical environment.

Customer service is paramount to our continued success and key areas have been identified to ensure that this remains at the centre of our quality objectives.

The company's key financial and other performance indicators during the year were as follows:

	<b>Unit</b>	<b>2015</b>	<b>2014</b>
Return on equity	%	58.57	78.70
Net profit margin before interest, investment income & tax	%	31.37	32.84
Current ratio (liquidity ratio representing current assets as a proportion of current liabilities)	Ratio	5.03	2.46
Employee retention (average service of permanent employees)	Years	11.20	11.00

#### **Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks. Risks are reviewed by the board and appropriate processes put in place to monitor and mitigate them.

The key business risks affecting the company are set out below:

#### **Competition:**

The company operates in a competitive market. Pricing pressure is particularly prevalent which results in downward pressure to margins. Constant cost reduction re-evaluation by management is at the fore at remaining competitive as is innovative design protected and enforced by strong patent investment.

#### **Employee:**

The company's performance depends largely on its Managers & Directors. The resignation of key individuals and the inability to recruit people with the right experience and skills could adversely impact the company's medium term performance. To mitigate these issues the company provides benefit packages which are linked to the company's results to retain both key individuals and maximise employee retention. Succession planning is also key in order to achieve minimal business interruption and focused employee development.

**TBS ENGINEERING LIMITED**

**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

Approved by the Board on 8 September 2016 and signed on its behalf by:

*D. Longney*

.....  
D J Longney  
Director

## **TBS ENGINEERING LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

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

#### **Directors of the company**

The directors who held office during the year were as follows:

D J Longney

L E Gardiner - Chairman

V F Empson

C Barge (resigned 28 April 2016)

T Manenti

S W Minchin (appointed 1 July 2015)

#### **Financial instruments**

The company's financial instruments, other than derivatives, comprise cash and liquid resources, and various other items such as trade debtors, trade creditors, etc that arise directly from its operations. The main purpose of these financial instruments is to finance the operations of the company. The company is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures and staged payments. The nature of these financial instruments means that they are not subject to price risk or liquidity risk.

The company is exposed to foreign currency risk through making overseas sales and purchases. To minimise this foreign currency risk, the company enters into derivative financial instruments, in the form of forward currency contracts, for all major overseas sales which are not contracted in sterling. Although this gives a fair value risk in terms of exchange rate movements this is a risk the directors accept and keep under review to ensure that the company's exposure is kept to a minimum.

The company's business environment and risks, together with the details of mitigation and monitoring undertaken by the directors, are dealt with elsewhere in the Strategic Report. The company has a good order book for the remainder of 2016 and beyond, together with appropriate financial resources. As a result, the directors believe the company is well placed to successfully manage risks despite the uncertain economic outlook. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **Future developments**

The company continues to put considerable resource into the development of its products to maintain its position as the leader in the field of lead acid battery assembly equipment. In particular its efforts are focused on removing personnel from areas of lead in air and repetitive materials handling.

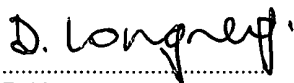
#### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

#### **Reappointment of auditors**

Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 8 September 2016 and signed on its behalf by:



D J Longney  
Director

## **TBS ENGINEERING LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

## **TBS ENGINEERING LIMITED**

### **INDEPENDENT AUDITOR'S REPORT**

We have audited the financial statements of TBS Engineering Limited for the year ended 31 December 2015, set out on pages 8 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors to the financial statements.

#### **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 Directors' Report and Strategic 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 the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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



**TBS ENGINEERING LIMITED**  
**INDEPENDENT AUDITOR'S REPORT**

**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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

.....  
Julian Gaskell (Senior Statutory Auditor)  
For and on behalf of Hazlewoods LLP, Statutory Auditor

Staverton Court  
Staverton  
Cheltenham  
Gloucestershire  
GL51 0UX

Date: 8/9/16

**TBS ENGINEERING LIMITED**
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	2014 £
<b>Turnover</b>	3	28,615,821	29,844,521
Changes in stocks of finished goods and work in progress		(502,496)	120,002
Raw materials and consumables used		(8,976,043)	(9,617,041)
Employee benefits expense	7	(6,972,530)	(7,068,845)
Depreciation and amortisation expense		(172,582)	(166,587)
Other expenses		<u>(3,015,724)</u>	<u>(3,309,832)</u>
<b>Operating profit</b>		<u>8,976,446</u>	<u>9,802,218</u>
Income from participating interests		309,278	153,941
Other interest receivable and similar income	5	69,631	48,931
Interest payable and similar charges	6	<u>(153,000)</u>	<u>(130,000)</u>
		<u>225,909</u>	<u>72,872</u>
<b>Profit before tax</b>		9,202,355	9,875,090
Taxation	10	<u>(1,347,189)</u>	<u>(2,163,559)</u>
<b>Profit for the year</b>		<u><u>7,855,166</u></u>	<u><u>7,711,531</u></u>

The above results were derived from continuing operations.

**TBS ENGINEERING LIMITED**

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

	Note	2015 £	2014 £
<b>Profit for the year</b>		<u>7,855,166</u>	<u>7,711,531</u>
Remeasurement gain/loss on defined benefit pension schemes		(333,000)	(1,266,000)
Deferred tax on remeasurement gain/loss on defined benefit pension scheme		(59,100)	284,550
Current tax deductions allocated to actuarial losses		<u>4,050</u>	<u>27,593</u>
		<u>(388,050)</u>	<u>(953,857)</u>
<b>Total comprehensive income for the year</b>		<u><u>7,467,116</u></u>	<u><u>6,757,674</u></u>

**TBS ENGINEERING LIMITED**

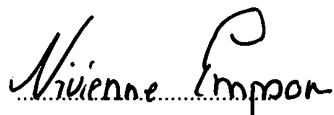
**(REGISTRATION NUMBER: 02455748)**

**BALANCE SHEET**

**AS AT 31 DECEMBER 2015**

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	11	593,607	654,836
Investments	12	128,127	128,127
		<u>721,734</u>	<u>782,963</u>
<b>Current assets</b>			
Stocks	13	2,817,792	4,521,673
Debtors	14	2,705,956	3,724,462
Cash at bank and in hand	15	18,124,996	13,743,882
		<u>23,648,744</u>	<u>21,990,017</u>
<b>Creditors: Amounts falling due within one year</b>	21	<u>(4,699,341)</u>	<u>(8,951,034)</u>
<b>Net current assets</b>		<u>18,949,403</u>	<u>13,038,983</u>
<b>Total assets less current liabilities</b>		<u>19,671,137</u>	<u>13,821,946</u>
Provisions for liabilities	19	<u>(114,600)</u>	<u>(104,625)</u>
Net assets excluding pension asset/(liability)		19,556,537	13,717,321
Net pension liability	20	<u>(3,412,020)</u>	<u>(3,039,920)</u>
<b>Net assets</b>		<u>16,144,517</u>	<u>10,677,401</u>
<b>Capital and reserves</b>			
Called up share capital	16	1,229,002	1,229,002
Share premium reserve	17	296,923	296,923
Retained earnings	17	14,618,592	9,151,476
<b>Total equity</b>		<u>16,144,517</u>	<u>10,677,401</u>

Approved and authorised by the Board on 8 September 2016 and signed on its behalf by:



V F Empson

Director

**TBS ENGINEERING LIMITED**
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015**

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 January 2015	1,229,002	296,923	9,151,476	10,677,401
Profit for the year	-	-	7,855,166	7,855,166
Other comprehensive income	-	-	(388,050)	(388,050)
Total comprehensive income	-	-	7,467,116	7,467,116
Dividends	-	-	(2,000,000)	(2,000,000)
At 31 December 2015	1,229,002	296,923	14,618,592	16,144,517

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 January 2014	1,229,002	296,923	7,393,802	8,919,727
Profit for the year	-	-	7,711,531	7,711,531
Other comprehensive income	-	-	(953,857)	(953,857)
Total comprehensive income	-	-	6,757,674	6,757,674
Dividends	-	-	(5,000,000)	(5,000,000)
At 31 December 2014	1,229,002	296,923	9,151,476	10,677,401

## **TBS ENGINEERING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

#### **1 General information**

The company is incorporated and domiciled in England and Wales.

The address of its registered office is:

Units 5 - 8

Lansdown Industrial Estate

Gloucester Road

Cheltenham

Gloucestershire

GL51 8PL

These financial statements were authorised for issue by the Board on 8 September 2016.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is UK £, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest £.

##### **Summary of disclosure exemptions**

TBS Engineering Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of disclosure exemptions available to it in respect of its financial statements. Exemption has been taken in relation to the presentation of a statement of cash flows.

##### **Name of parent of group**

These financial statements are consolidated in the financial statements of MiTek Industries Inc.

The financial statements of MiTek Industries Inc may be obtained from 16023 Swingley Ridge Rd, Chesterfield, Missouri 63017, USA.

##### **Going concern**

The financial statements have been prepared on a going concern basis.

##### **Judgements**

No significant judgements have been made by management in preparing these financial statements.

##### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and and specific criteria have been met for each of the company's activities.

## **TBS ENGINEERING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

#### **2 Accounting policies (continued)**

##### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

##### **Tax**

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS102.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

##### **Tangible assets**

Tangible assets is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

##### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Leasehold improvements	over the terms of the lease
Plant and machinery	5-14% on cost
Fixtures, fittings, tools and equipment	10-50% on cost

##### **Investments**

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

## **TBS ENGINEERING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

#### **2 Accounting policies (continued)**

##### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

##### **Stocks**

Stock and work in progress are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Costs include all direct costs and an appropriate portion of fixed and variable overheads.

##### **Trade creditors**

Trade creditors 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 the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Provisions**

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

##### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

##### **Defined benefit pension obligation**

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit cost method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.



## **TBS ENGINEERING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

#### **2 Accounting policies (continued)**

##### **Financial instruments**

The company enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other receivables and payables, loans from related parties and investments in non-puttable ordinary shares.

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

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

Investments in non-puttable ordinary shares are measured at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying value and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount recognised in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

At each reporting date non-financial assets not carried at fair value, such as property, plant and equipment are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less costs to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

Inventories are also assessed for impairment at each reporting date. The carrying amount of each item of inventory, or group of similar items, is compared with its selling price less costs to complete and sell. If an item is found to be impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss recognised immediately in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

# TBS ENGINEERING LIMITED

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

### 2 Accounting policies (continued)

#### Derivative financial instruments

The company uses derivative financial instruments to reduce exposure to foreign exchange risk. The company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

### 3 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2015 £	2014 £
Sale of goods	28,515,040	29,727,149
Rendering of services	100,781	117,372
	<u>28,615,821</u>	<u>29,844,521</u>

The analysis of the company's revenue for the year by market is as follows:

	2015 £	2014 £
United Kingdom	148,365	316,602
Europe	2,387,832	4,448,021
North America	13,378,068	11,758,261
South America	2,457,605	2,822,415
Africa	557,449	664,020
Asia	9,656,349	9,818,160
Other	30,153	17,042
	<u>28,615,821</u>	<u>29,844,521</u>

### 4 Operating profit

Arrived at after charging/(crediting)

	2015 £	2014 £
Depreciation expense	172,582	166,587
Research and development cost	130,687	224,296
Foreign exchange losses	(134,994)	(104,679)
Operating lease expense - property	355,362	355,362
Profit on disposal of property, plant and equipment	-	(2,000)

### 5 Other interest receivable and similar income

	2015 £	2014 £
Interest income on bank deposits	<u>69,631</u>	<u>48,931</u>

**TBS ENGINEERING LIMITED**

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

**6 Interest payable and similar charges**

	2015 £	2014 £
Pension scheme finance costs	<u>153,000</u>	<u>130,000</u>

**7 Staff costs**

The aggregate payroll costs (including directors' remuneration) were as follows:

	2015 £	2014 £
Wages and salaries	5,656,542	5,711,129
Social security costs	582,104	591,678
Pension costs	<u>733,884</u>	<u>766,038</u>
	<u>6,972,530</u>	<u>7,068,845</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2015 No.	2014 No.
Production	63	70
Administration and support	<u>66</u>	<u>64</u>
	<u>129</u>	<u>134</u>

**8 Directors' remuneration**

The directors' remuneration for the year was as follows:

	2015 £	2014 £
Remuneration	<u>1,256,252</u>	<u>1,207,480</u>

During the year the number of directors who were receiving benefits was as follows:

	2015 No.	2014 No.
Accruing benefits under defined benefit pension scheme	<u>4</u>	<u>3</u>

In respect of the highest paid director:

	2015 £	2014 £
Remuneration	475,782	449,494
Defined benefit accrued pension entitlement at the end of the period	<u>32,090</u>	<u>31,709</u>

**TBS ENGINEERING LIMITED**

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

**9 Auditors' remuneration**

	2015 £	2014 £
Audit of the financial statements	13,200	12,825
<b>Other fees to auditors</b>		
Taxation compliance services	1,595	1,545
All other tax advisory services	31,000	3,275
	<u>32,595</u>	<u>4,820</u>

**10 Income tax**

Tax charged/(credited) in the income statement

	2015 £	2014 £
<b>Current taxation</b>		
UK corporation tax	1,782,660	2,164,687
UK corporation tax adjustment to prior periods	(467,995)	(16,533)
	1,314,665	2,148,154
Current tax on income	32,524	15,405
Tax expense in the income statement	<u>1,347,189</u>	<u>2,163,559</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2014 - higher than the standard rate of corporation tax in the UK) of 20.25% (2014 - 21.49%).

The differences are reconciled below:

	2015 £	2014 £
Profit before tax	9,202,355	9,875,090
Corporation tax at standard rate	1,863,477	2,122,157
Effect of revenues exempt from taxation	(62,629)	(33,087)
Effect of expense not deductible in determining taxable profit (tax loss)	7,396	33,899
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	(467,995)	(16,533)
Tax increase (decrease) from effect of capital allowances and depreciation	4,696	5,495
Tax increase (decrease) from other short-term timing differences	(27,673)	22,659
Tax increase (decrease) arising from overseas tax suffered/expensed	32,524	15,405
Other tax effects for reconciliation between accounting profit and tax expense (income)	(2,607)	13,564
Total tax charge	<u>1,347,189</u>	<u>2,163,559</u>

**Tax relating to items recognised in other comprehensive income or equity**

	2015 £	2014 £
Current tax related to items recognised as items of other comprehensive income	<u>(4,050)</u>	<u>(27,593)</u>

**TBS ENGINEERING LIMITED**

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

**11 Tangible assets**

	Fixtures, fittings, tools and equipment £	Plant and machinery £	Total £
<b>Cost or valuation</b>			
At 1 January 2015	1,103,533	2,072,652	3,176,185
Additions	45,117	66,236	111,353
Disposals	(504,016)	(133,561)	(637,577)
At 31 December 2015	644,634	2,005,327	2,649,961
<b>Depreciation</b>			
At 1 January 2015	923,717	1,597,632	2,521,349
Charge for the year	88,153	84,429	172,582
Eliminated on disposal	(504,016)	(133,561)	(637,577)
At 31 December 2015	507,854	1,548,500	2,056,354
<b>Carrying amount</b>			
At 31 December 2015	136,780	456,827	593,607
At 31 December 2014	179,816	475,020	654,836

**12 Investments in subsidiaries, joint ventures and associates**

	2015 £	2014 £
Investments in joint ventures	128,127	128,127
<b>Joint ventures</b>		£
<b>Cost</b>		
At 1 January 2015		128,127
At 31 December 2015		128,127
<b>Carrying amount</b>		
At 31 December 2015		128,127
At 31 December 2014		128,127

**Details of undertakings**

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held 2015	2014
<b>Joint ventures</b>				
TBS Digatron Qingdao Co Ltd	China	Ordinary	50%	50%

# **TBS ENGINEERING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

### **12 Investments in subsidiaries, joint ventures and associates (continued)**

The principal activity of TBS Digatron Qingdao Co Ltd is the manufacture of special purpose equipment for the lead acid battery industry.

TBS Digatron Qingdao Co Ltd, in which the company holds an interest, is jointly controlled by the company and one other venturer under a contractual arrangement and is consequently treated as a joint venture.

The profit for the financial period of TBS Digatron Qingdao Co Ltd was £274,798 and the aggregate amount of capital and reserves at the end of the period was £1,851,613.

### **13 Stocks**

	2015 £	2014 £
Raw materials and consumables	1,686,434	2,887,819
Work in progress	1,131,358	1,633,854
	<u>2,817,792</u>	<u>4,521,673</u>

The cost of stocks recognised as an expense in the year amounted to £14,352,419 (2014 - £13,800,315).

### **14 Debtors**

	2015 £	2014 £
Trade debtors	2,030,783	3,200,246
Receivables from related parties	250,990	-
Other receivables	109,093	182,878
Prepayments	315,090	341,338
Total current trade and other receivables	<u>2,705,956</u>	<u>3,724,462</u>

### **15 Cash and cash equivalents**

	2015 £	2014 £
Cash on hand	4,766	3,179
Cash at bank	18,120,230	13,740,703
	<u>18,124,996</u>	<u>13,743,882</u>

### **16 Share capital**

#### **Allotted, called up and fully paid shares**

	No.	2015 £	No.	2014 £
Ordinary shares of £1 each	<u>1,229,002</u>	<u>1,229,002</u>	<u>1,229,002</u>	<u>1,229,002</u>

# **TBS ENGINEERING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

### **17 Reserves**

Called up share capital

This represents the nominal value of the issued share capital of the company.

Share premium reserve

The contains the premium arising on the issue of share capital, net of issue expenses.

Retained earnings

This represents the cumulative profits or losses, net of dividends paid and other adjustments.

The changes to each component of equity resulting from items of other comprehensive income for the current year were as follows:

	Retained earnings £	Total £
Remeasurement gain/loss on defined benefit pension schemes	(392,100)	(392,100)
Current tax deductions allocated to actuarial losses	4,050	4,050
	<u>(388,050)</u>	<u>(388,050)</u>

The changes to each component of equity resulting from items of other comprehensive income for the prior year were as follows:

	Retained earnings £	Total £
Remeasurement gain/loss on defined benefit pension schemes	(981,450)	(981,450)
Current tax deductions allocated to actuarial losses	27,593	27,593
	<u>(953,857)</u>	<u>(953,857)</u>

### **18 Obligations under leases and hire purchase contracts**

#### **Operating leases**

The total of future minimum lease payments is as follows:

	2015 £	2014 £
Not later than one year	355,362	355,362
Later than one year and not later than five years	-	355,362
	<u>355,362</u>	<u>710,724</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £355,362 (2014 - £355,362).

# TBS ENGINEERING LIMITED

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

### 19 Provisions

	Product warranty provisions £
At 1 January 2015	104,625
Charged to profit/loss account in the year	9,975
At 31 December 2015	<u>114,600</u>

The product warranty provisions are expected to be utilised within one year.

### 20 Pension and other schemes

#### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £93,840 (2014 - £78,526).

#### Defined benefit pension scheme

##### MiTek UK Retirement and Death Benefits Plan

The company participates in the MiTek UK Retirement and Death Benefits Plan ('the Plan'), which is the defined benefit scheme of a fellow subsidiary undertaking. The benefits provided for the TBS Engineering Limited members ('the TBS members') of the plan are on a "career average" rather than a final salary basis. Their benefits are calculated by reference to the rate of increase of inflation and not to the growth in earnings. The assets and liabilities relating to the TBS members are ring fenced within the Plan for the sole benefit of those members.

The contributions to the scheme are determined with the advice from an independent qualified actuary on the basis of triennial valuations using the projected unit method. The most recent full actuarial valuation was carried out as at 1 May 2013. The valuation showed that the market value of the scheme's assets at that date was £7,000,000 and that the actuarial value was sufficient to cover 72% of the value of the benefits that had accrued to members. During the year the company contributed at a rate of 20.8% of pensionable salaries. In addition, the company makes monthly deficit funding contributions of £21,400 which are payable until 31 July 2026 under the scheme's schedule of contributions and deficit funding plan.

For the purposes of FRS 102, a valuation has been performed as at 30 November 2015 (2014 – 30 November 2014).

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £700,000 (2014 - £575,000).

#### Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2015 £	2014 £
Fair value of scheme assets	9,432,000	8,561,000
Present value of defined benefit obligation	<u>(13,593,000)</u>	<u>(12,409,000)</u>
	(4,161,000)	(3,848,000)
Related deferred tax asset	<u>748,980</u>	<u>808,080</u>
Defined benefit pension scheme deficit	<u>(3,412,020)</u>	<u>(3,039,920)</u>



**TBS ENGINEERING LIMITED**

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

**20 Pension and other schemes (continued)**

***Defined benefit obligation***

Changes in the defined benefit obligation are as follows:

	<b>2015</b>
	<b>£</b>
Present value at start of period	12,409,000
Current service cost	547,000
Interest cost	483,000
Actuarial gains and losses	122,000
Benefits paid	(143,000)
Contributions by scheme participants	175,000
Present value at end of year	<u>13,593,000</u>

***Fair value of scheme assets***

Changes in the fair value of scheme assets are as follows:

	<b>2015</b>
	<b>£</b>
Fair value at start of period	8,561,000
Interest income	330,000
Actuarial gains and losses	(211,000)
Employer contributions	720,000
Contributions by scheme participants	175,000
Benefits paid	(143,000)
Fair value at end of year	<u>9,432,000</u>

***Analysis of assets***

The major categories of scheme assets are as follows:

	<b>2015</b>	<b>2014</b>
	<b>%</b>	<b>%</b>
Cash and cash equivalents	5	6
Equity instruments	57	61
Bonds	37	32
Property	1	1
	<u>100</u>	<u>100</u>

***Return on scheme assets***

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Return on scheme assets	<u>119,000</u>	<u>578,000</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

**TBS ENGINEERING LIMITED**

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

**20 Pension and other schemes (continued)**

***Principal actuarial assumptions***

The principal actuarial assumptions at the statement of financial position date are as follows:

	<b>2015</b>	<b>2014</b>
	<b>%</b>	<b>%</b>
Discount rate	3.60	3.70
Future salary increases	3.30	3.20
Future pension increases (service prior to 6 April 2009)	3.20	3.10
Future pension increases (service after 6 April 2009)	1.80	1.80
Inflation - RPI	3.30	3.20
Inflation - CPI	<u>2.40</u>	<u>2.30</u>

***Post retirement mortality assumptions***

	<b>2015</b>	<b>2014</b>
	<b>Years</b>	<b>Years</b>
Current UK pensioners at retirement age - male	21.10	21.10
Current UK pensioners at retirement age - female	22.90	23.10
Future UK pensioners at retirement age - male	22.20	22.40
Future UK pensioners at retirement age - female	<u>24.40</u>	<u>24.60</u>

**21 Creditors**

	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>£</b>	<b>£</b>
<b>Due within one year</b>			
Trade creditors		2,245,414	5,538,932
Amounts due to related parties		26,101	407,496
Social security and other taxes		167,833	154,842
Other payables		14,163	23,468
Accrued expenses		1,503,831	1,740,446
Income tax liability	10	678,610	1,009,828
Derivative financial liabilities		<u>63,389</u>	<u>76,022</u>
		<u>4,699,341</u>	<u>8,951,034</u>

**22 Dividends**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Current year interim dividend paid	<u>2,000,000</u>	<u>5,000,000</u>

**23 Commitments**

**Capital commitments**

The total amount contracted for but not provided in the financial statements was £Nil (2014 - £52,775).

# TBS ENGINEERING LIMITED

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

### 24 Related party transactions

#### Key management personnel

Key management personnel are considered to be the directors of the company and key management personnel compensation is disclosed in note 8 to the financial statements.

#### Summary of transactions with joint ventures

TBS Digatron Qingdao Co Ltd

During the year sales were made to TBS Digatron Qingdao Co Ltd of £985,200 (2014 - £833,927). At the balance sheet date the amount due from/(to) TBS Digatron Qingdao Co Ltd was £250,900 (2014 - (£348,134))

### 25 Financial instruments

#### Categorisation of financial instruments

	2015 £	2014 £
Financial assets that are equity instruments measured at cost less impairment	128,127	128,127
Financial liabilities measured at fair value through profit or loss	(63,389)	(76,022)
	<u>64,738</u>	<u>52,105</u>

#### Financial liabilities measured at fair value

##### Forward currency exchange contracts

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The fair value is £(63,389) (2014 - £(76,022)) and the change in value included in profit or loss is £(12,633) (2014 - £87,516).

#### Items of income, expense, gains or losses

	Income £	Expense £	Net gains £	Net losses £
<b>2015</b>				
Financial liabilities measured at fair value through profit or loss	12,633	-	-	-
	<u>Income</u>	<u>Expense</u>	<u>Net gains</u>	<u>Net losses</u>
	£	£	£	£
<b>2014</b>				
Financial liabilities measured at fair value through profit or loss	-	87,516	-	-

#### Derivatives

##### Forward currency exchange contracts

The company is exposed to foreign currency risk as a result of sales made in US Dollars and Euros. The company aims to minimise its exposure to foreign currency risk by taking foreign currency forward contracts. The contracts are short term profiles which usually mature within three to six months.

## **TBS ENGINEERING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

#### **26 Parent and ultimate parent undertaking**

The company is wholly owned by its immediate parent company, MiTek Holdings Inc, a company incorporated in the United States of America. The parent company of the smallest group for which group financial statements are prepared is MiTek Industries Inc, a company incorporated in the United States of America. Copies of group financial statements can be obtained from 16023 Swingley Ridge Rd, Chesterfield, Missouri 63017, USA. The ultimate parent company is Berkshire Hathaway Inc, a company incorporated in the United States of America, and copies of group financial statements can be obtained from 1440 Kiewit Plaza, Omaha, Nebraska, USA.

#### **27 Transition to FRS 102**

The company's effective date of transition to FRS 102 was 1 January 2014. The latest period presented under previous UK GAAP was the financial statements for the period ended 31 December 2014.

The directors have identified the following two transition adjustments relating to the requirement in FRS 102:

##### **Derivative financial instruments:**

Under FRS 102 the forward currency contracts that the company enters into to mitigate foreign currency risk are classed as derivatives and are required to be included on the balance sheet at their fair value. The previous UK GAAP applied by the company did not require such fair values to be included in the financial statements. At 1 January 2014 the fair value of the derivative financial instruments amounted to an asset of £11,494 with a liability arising at 31 December 2014 of £76,022, giving rise to a charge in the profit and loss account for the year ended 31 December 2014 of £87,516 representing the change in fair value.

##### **Defined benefit pension scheme finance costs:**

FRS 102 requires the finance cost recognised in the profit and loss account to be calculated by applying the discount rate to the scheme's net defined benefit liability, although this gives no overall change on the net defined benefit liability in the balance sheet as reported under previous UK GAAP. Previous UK GAAP required the finance cost to be calculated on the separable components of the net defined benefit liability by applying the yield on scheme assets less the discount rate applied to scheme liabilities. Consequently, in applying FRS 102 this has given rise to an increase in the pension scheme finance costs of £39,000 in the year ended 31 December 2014 as compared to the amounts reported under previous UK GAAP.

The tables below show the impact of these adjustments on the relevant statements.

**TBS ENGINEERING LIMITED**

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

**27 Transition to FRS 102 (continued)**

**Balance Sheet at 1 January 2014**

	As originally reported £	Remeasurement £	As restated £
<b>Fixed assets</b>			
Intangible assets	602,450	-	602,450
Investments	128,127	-	128,127
	<u>730,577</u>	<u>-</u>	<u>730,577</u>
<b>Current assets</b>			
Stocks	4,401,671	-	4,401,671
Debtors	2,143,057	11,494	2,154,551
Cash at bank and in hand	10,567,342	-	10,567,342
	<u>17,112,070</u>	<u>11,494</u>	<u>17,123,564</u>
Creditors: Amounts falling due within one year	<u>(6,713,944)</u>	<u>-</u>	<u>(6,713,944)</u>
Net current assets	<u>10,398,126</u>	<u>11,494</u>	<u>10,409,620</u>
Total assets less current liabilities	11,128,703	11,494	11,140,197
Provisions for liabilities	<u>(251,000)</u>	<u>-</u>	<u>(251,000)</u>
Net assets excluding pension asset/(liability)	10,877,703	11,494	10,889,197
Pension liability	<u>(1,969,470)</u>	<u>-</u>	<u>(1,969,470)</u>
Net assets	<u>8,908,233</u>	<u>11,494</u>	<u>8,919,727</u>
<b>Capital and reserves</b>			
Called up share capital	1,229,002	-	1,229,002
Share premium reserve	296,923	-	296,923
Retained earnings	7,382,308	11,494	7,393,802
Total equity	<u>8,908,233</u>	<u>11,494</u>	<u>8,919,727</u>

**TBS ENGINEERING LIMITED**

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

**27 Transition to FRS 102 (continued)**

**Balance Sheet at 31 December 2014**

	As originally reported £	Remeasurement £	As restated £
<b>Fixed assets</b>			
Intangible assets	654,836	-	654,836
Investments	128,127	-	128,127
	<u>782,963</u>	<u>-</u>	<u>782,963</u>
<b>Current assets</b>			
Stocks	4,521,673	-	4,521,673
Debtors	3,724,462	-	3,724,462
Cash at bank and in hand	13,743,882	-	13,743,882
	<u>21,990,017</u>	<u>-</u>	<u>21,990,017</u>
Creditors: Amounts falling due within one year	<u>(8,875,012)</u>	<u>(76,022)</u>	<u>(8,951,034)</u>
Net current assets/(liabilities)	<u>13,115,005</u>	<u>(76,022)</u>	<u>13,038,983</u>
Total assets less current liabilities	13,897,968	(76,022)	13,821,946
Provisions for liabilities	<u>(104,625)</u>	<u>-</u>	<u>(104,625)</u>
Net assets/(liabilities) excluding pension asset/(liability)	13,793,343	(76,022)	13,717,321
Pension liability	<u>(3,039,920)</u>	<u>-</u>	<u>(3,039,920)</u>
Net assets/(liabilities)	<u>10,753,423</u>	<u>(76,022)</u>	<u>10,677,401</u>
<b>Capital and reserves</b>			
Called up share capital	1,229,002	-	1,229,002
Share premium reserve	296,923	-	296,923
Retained earnings	9,227,498	(76,022)	9,151,476
Total equity	<u>10,753,423</u>	<u>(76,022)</u>	<u>10,677,401</u>

**TBS ENGINEERING LIMITED**

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

**27 Transition to FRS 102 (continued)**

**Profit and Loss Account for the year ended 31 December 2014**

	Note	As originally reported £	Remeasurement £	As restated £
Turnover		29,844,521	-	29,844,521
Change in stocks of finished goods and work in progress		120,002	-	120,002
Raw materials and consumables		(9,617,041)	-	(9,617,041)
Staff costs		(7,068,845)	-	(7,068,845)
Depreciation and other amounts written off tangible and intangible fixed assets		(166,587)	-	(166,587)
Other operating charges		<u>(3,222,316)</u>	<u>(87,516)</u>	<u>(3,309,832)</u>
Operating profit/(loss)		9,889,734	(87,516)	9,802,218
Income from participating interests		153,941	-	153,941
Other interest receivable and similar income		48,931	-	48,931
Interest payable and similar charges		<u>(91,000)</u>	<u>(39,000)</u>	<u>(130,000)</u>
Profit on ordinary activities before taxation		10,001,606	(126,516)	9,875,090
Tax on profit on ordinary activities		<u>(2,163,559)</u>	-	<u>(2,163,559)</u>
Profit/(loss) for the financial year		<u>7,838,047</u>	<u>(126,516)</u>	<u>7,711,531</u>