

Registration number: 04610282

Advanced Tooling Systems UK Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018

FRIDAY



A08 *A8BZGBMA* 16/08/2019 #259
COMPANIES HOUSE

Advanced Tooling Systems UK Limited

Contents

Company Information	1
Strategic Report	2
Directors' Report	3
Statement of Directors' Responsibilities	4
Independent Auditor's Report	5 to 7
Profit and Loss Account	8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13 to 26

Advanced Tooling Systems UK Limited

Company Information

Directors	Mr Mark Terry
	Mr Adrian Gander
	Mr Keith William Best
Company secretary	Mr Adrian Gander
Registered office	Coldred Road Parkwood Industrial Estate Maidstone Kent ME15 9XX
Auditors	Pure Audit Limited Chartered Certified Accountants and Statutory Auditors 20 Canterbury Innovation Centre University Road Canterbury Kent CT2 7FG

Advanced Tooling Systems UK Limited

Strategic Report for the Year Ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

Fair review of the business

The company is a trading company and the principal activity continues to be the production of injection tooling, checking fixtures and automatic equipment for the motor industry, aeronautical industry, building products and medical sectors in the United Kingdom and Europe.

The results of the Company for the year, as set out on Statement of Comprehensive Income, show a profit on ordinary activities before tax of £527k (2017: Profit of £212k). Shareholders' funds of the Company have increased from £5.05m in 2017 to £5.5m this year.

The performance of the Company during 2018 has produced encouraging results. The UK motor business continues to be the largest sector for the Company. The aeronautical industry has grown for us this year, building products and medical sectors are also growing at a steady pace in the business.

The company's success is dependent on the proper selection, pricing and ongoing management of the projects it accepts. In the motor, aeronautical, buildings & medical sectors we have continued to consolidate our position. We believe it is important to retain and expand a diversified product offering in order to achieve maximum profitability in this highly competitive marketplace.

The company will continue to consolidate its position and concentrate its efforts on achieving maximum growth in its existing market segments. We aim to improve efficiency in all areas of our operations through cost reduction, increased use of technology and continued development of the automated equipment and processes.

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

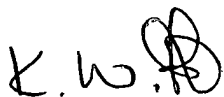
	Unit	2018	2017
Return on capital employed	%	9.99	4.67
Debtor days	days	78.00	169.00
Quick (Acid Test) Ratio		4.43	2.63

Principal risks and uncertainties

The general trading conditions have continued to improve since the Brexit vote, and we see this continuing to hold steady in the next 12 to 24 months.

With the market place remaining stable the directors see the principle risks and challenges still coming from countries with a lower cost base. The directors believe that by steering the manufacturing towards higher value products and utilising low cost countries for the cheaper sectors of the market, steady growth and profitability can be maintained.

Approved by the Board on 1 August 2019 and signed on its behalf by:



Mr Keith William Best
Director

Advanced Tooling Systems UK Limited

Directors' Report for the Year Ended 31 December 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors of the company

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

Mr Mark Terry

Mr Adrian Gander - Company secretary and director

Mr Keith William Best

Future developments

Although the growth of the UK economy strengthened in 2018, the risks to UK economic growth remain significant and future prospects may be influenced by developments in the Eurozone. The economic environment will continue to evolve at a rapid pace over the next 2 to 3 years, making a return to the relative stability and certainty that preceded the crisis unlikely, at least in the short term. Interest rates are predicted to remain low in the short to medium term. In addition, we are expecting there will be continuing development of new models and face lifts in the model industry and continued growth in the aeronautical industry. We will continue to develop our product offerings and continue investing in research and development.

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

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Pure Audit Limited as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 1 August 2019 and signed on its behalf by:



Mr Keith William Best
Director

Advanced Tooling Systems UK Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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.

Advanced Tooling Systems UK Limited

Independent Auditor's Report to the Members of Advanced Tooling Systems UK Limited

Opinion

We have audited the financial statements of Advanced Tooling Systems UK Limited (the 'company') for the year ended 31 December 2018, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, 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 Financial Reporting Standard 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 company's affairs as at 31 December 2018 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.

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 company 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 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

Advanced Tooling Systems UK Limited

Independent Auditor's Report to the Members of Advanced Tooling Systems UK Limited

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.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 4], 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 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 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.

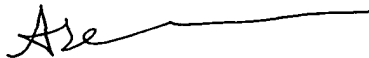
As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Advanced Tooling Systems UK Limited

Independent Auditor's Report to the Members of Advanced Tooling Systems UK Limited

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



.....
R M Asif Rafique (Senior Statutory Auditor)
For and on behalf of Pure Audit Limited, Statutory Auditor

20 Canterbury Innovation Centre
University Road
Canterbury
Kent
CT2 7FG

1 August 2019

Advanced Tooling Systems UK Limited

Profit and Loss Account for the Year Ended 31 December 2018

	Note	2018 £	2017 £
Turnover	3	7,077,012	5,309,201
Cost of sales		<u>(5,488,395)</u>	<u>(4,022,450)</u>
Gross profit		1,588,617	1,286,751
Administrative expenses		(1,118,523)	(1,127,780)
Other operating income	4	<u>81,979</u>	<u>74,000</u>
Operating profit	5	<u>552,073</u>	<u>232,971</u>
Interest payable and similar expenses	6	<u>(24,994)</u>	<u>(20,529)</u>
		<u>(24,994)</u>	<u>(20,529)</u>
Profit before tax		527,079	212,442
Taxation	10	<u>(52,123)</u>	<u>9,724</u>
Profit for the financial year		<u><u>474,956</u></u>	<u><u>222,166</u></u>

The above results were derived from continuing operations.

The notes on pages 13 to 26 form an integral part of these financial statements.

Advanced Tooling Systems UK Limited

Statement of Comprehensive Income for the Year Ended 31 December 2018

	2018 £	2017 £
Profit for the year	474,956	222,166
Surplus/(deficit) on property, plant and equipment revaluation	3,175	3,175
Surplus/(deficit) on revaluation of other assets	(3,175)	(3,175)
	-	-
Total comprehensive income for the year	474,956	222,166

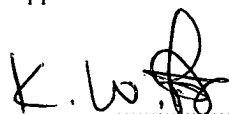
The notes on pages 13 to 26 form an integral part of these financial statements.

Advanced Tooling Systems UK Limited

(Registration number: 04610282)
Balance Sheet as at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	11	717,286	829,920
Tangible assets	12	1,655,386	1,660,973
Investments	13	100	100
		<u>2,372,772</u>	<u>2,490,993</u>
Current assets			
Stocks	14	51,807	50,544
Debtors	15	3,893,260	4,148,965
Cash at bank and in hand		446,002	444,328
		<u>4,391,069</u>	<u>4,643,837</u>
Creditors within 1yr		<u>979,869</u>	<u>1,744,257</u>
Net current assets		<u>3,411,200</u>	<u>2,899,580</u>
Total assets less current liabilities		<u>5,783,972</u>	<u>5,390,573</u>
Loans and borrowings		180,917	258,756
Deferred tax liabilities		<u>70,763</u>	<u>74,481</u>
Net assets		<u>5,532,292</u>	<u>5,057,336</u>
Capital and reserves			
Called up share capital	20	4,200,000	4,200,000
Revaluation reserve		137,128	140,303
Profit and loss account		<u>1,195,164</u>	<u>717,033</u>
Total equity		<u>5,532,292</u>	<u>5,057,336</u>

Approved and authorised by the Board on 1 August 2019 and signed on its behalf by:



Mr Keith William Best
Director

Advanced Tooling Systems UK Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2018	4,200,000	140,303	717,033	5,057,336
Profit for the year	-	-	474,956	474,956
Other comprehensive income	-	(3,175)	3,175	-
Total comprehensive income	-	(3,175)	478,131	474,956
At 31 December 2018	4,200,000	137,128	1,195,164	5,532,292
	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2017	4,200,000	143,478	491,692	4,835,170
Profit for the year	-	-	222,166	222,166
Other comprehensive income	-	(3,175)	3,175	-
Total comprehensive income	-	(3,175)	225,341	222,166
At 31 December 2017	4,200,000	140,303	717,033	5,057,336

The notes on pages 13 to 26 form an integral part of these financial statements.

Advanced Tooling Systems UK Limited

Statement of Cash Flows for the Year Ended 31 December 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Profit for the year		474,956	222,166
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	227,864	244,774
Finance costs	6	24,994	20,529
Income tax expense	10	52,123	(9,724)
		<u>779,937</u>	<u>477,745</u>
Working capital adjustments			
Increase in stocks	14	(1,263)	(8,424)
Decrease/(increase) in trade debtors	15	255,705	(994,423)
(Decrease)/increase in trade creditors	17	(268,484)	453,100
Cash generated from operations		<u>765,895</u>	<u>(72,002)</u>
Income taxes received/(paid)	10	<u>1</u>	<u>(1)</u>
Net cash flow from operating activities		<u>765,896</u>	<u>(72,003)</u>
Cash flows from investing activities			
Acquisitions of tangible assets		(104,287)	(65,074)
Acquisition of intangible assets	11	(5,356)	(43,379)
Net cash flows from investing activities		<u>(109,643)</u>	<u>(108,453)</u>
Cash flows from financing activities			
Interest paid	6	(24,994)	(20,529)
Proceeds from bank borrowing draw downs		-	308,000
Repayment of bank borrowing		(591,705)	(56,429)
Proceeds from other borrowing draw downs		-	43,379
Payments to finance lease creditors		(37,880)	(65,619)
Movement in loan to/from group undertaking		<u>-</u>	<u>244,950</u>
Net cash flows from financing activities		<u>(654,579)</u>	<u>453,752</u>
Net increase in cash and cash equivalents		1,674	273,296
Cash and cash equivalents at 1 January		<u>444,328</u>	<u>171,032</u>
Cash and cash equivalents at 31 December		<u>446,002</u>	<u>444,328</u>

The notes on pages 13 to 26 form an integral part of these financial statements.

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

The company is a private company limited by share capital, incorporated in England & Wales.

The address of its registered office is:

Coldred Road
Parkwood Industrial Estate
Maidstone
Kent
ME15 9XX

These financial statements were authorised for issue by the Board on 1 August 2019.

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 that as disclosed in the accounting policies certain items are shown at fair value.

Group accounts not prepared

The company has taken advantage of section 405(2) of the Companies Act 2006 not to prepare group accounts since, in the opinion of the directors the inclusion of the subsidiary undertakings is not material in the context of the financial statements. The parent company, Advanced Tooling Systems (Holdings) Ltd, a company registered in England, has prepared group accounts which include the accounts of Advanced Tooling Systems UK Ltd and its subsidiary.

Going concern

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

i) Impairment of intangible assets and goodwill

The Company considers whether intangible assets and / or goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

ii) Useful economic lives of tangible assets and goodwill

The annual depreciation and amortisation charge for tangible assets and goodwill is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and physical condition of the assets. See notes 11 and 12 for the carrying amounts of intangible and tangible assets and note 2 for the useful economic lives for each class of assets.

iii) Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtors, the ageing profile of debtors and historical experience. See note 15 for the net carrying amount of the debtors and associated impairment provision..

Revenue recognition

Income represents revenue earned under a wide variety of contracts to provide goods and services. Revenue is recognised as earned when, and to the extent that, the firm obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to consideration, which represents amounts chargeable to customers, including expenses and disbursements but excluding value added tax.

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Revenue not billed to customers is included in debtors and payments on account in excess of the relevant amount of revenue are included in other creditors.

Contract revenue recognition

Amounts recoverable on contracts are stated at the expected selling price attainable at the year end and represent work in progress that has not been billed at the year end.

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Foreign currency transactions and balances

The company's functional and presentation currency is the pound sterling.

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Tax

The tax expense for the period comprises current and deferred 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 in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when 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 and that are expected to apply to the reversal of the timing difference.

Tangible assets

On transition to FRS 102, the company has taken advantage of transitional relief to use a previous GAAP revaluation as deemed cost for freehold property. Land and buildings were initially recognised at cost and revalued in 2012. Freehold land and buildings are subsequently carried at the deemed cost as permitted under FRS102 less accumulated depreciation and accumulated impairment losses.

All other items of plant, equipment and motor vehicle are initially recognised at cost and subsequently carried at cost less accumulated depreciation and 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:

Asset class	Depreciation method and rate
Freehold property	2% on cost
Plant and machinery	15% on reducing balance
Furniture and fittings	25% on reducing balance
Motor vehicles	25% on reducing balance
Office equipment	50% on cost

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of businesses in 2003, 2006 and 2007, is being amortised evenly over its estimated useful life of twenty years. The directors believe that the remaining life of 6.5 years at the year end is a reasonable estimate of the period over which the economic benefits are expected to flow to the company.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	straight line over 20 years
Computer software	straight line over 2 years

Investments

Investments in subsidiary undertakings are recognised on cost.

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.

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

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

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.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

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.

3 Revenue

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

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

	2018 £	2017 £
Sale of goods	<u>7,077,012</u>	<u>5,309,201</u>

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2018 £	2017 £
Miscellaneous other operating income	<u>81,979</u>	<u>74,000</u>

5 Operating profit

Arrived at after charging/(crediting)

	2018 £	2017 £
Depreciation expense	109,873	117,181
Amortisation expense	117,991	127,593
Operating lease expense - plant and machinery	8,906	10,459
Operating lease expense - other	<u>5,871</u>	<u>5,337</u>

6 Interest payable and similar expenses

	2018 £	2017 £
Interest on bank overdrafts and borrowings	6,197	6,470
Interest on obligations under finance leases and hire purchase contracts	3,325	5,154
Interest expense on other finance liabilities	<u>15,472</u>	<u>8,905</u>
	<u>24,994</u>	<u>20,529</u>

7 Staff costs

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

	2018 £	2017 £
Wages and salaries	1,393,322	1,339,830
Social security costs	143,572	140,390
Pension costs, defined contribution scheme	<u>37,003</u>	<u>28,669</u>
	<u>1,573,897</u>	<u>1,508,889</u>

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

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

	2018 No.	2017 No.
Production	31	38
Other departments	4	2
	<u>35</u>	<u>40</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £	2017 £
Contributions paid to money purchase schemes	<u>18,643</u>	<u>19,200</u>

9 Auditors' remuneration

	2018 £	2017 £
Audit of the financial statements	<u>4,000</u>	<u>4,000</u>

10 Taxation

Tax charged/(credited) in the income statement

	2018 £	2017 £
Current taxation		
UK corporation tax	103,975	48,134
UK corporation tax adjustment to prior periods	<u>(48,134)</u>	<u>(54,907)</u>
	55,841	(6,773)
Deferred taxation		
Arising from changes in tax rates and laws	<u>(3,718)</u>	<u>(2,951)</u>
Tax expense/(receipt) in the income statement	<u>52,123</u>	<u>(9,724)</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2017 - the same as the standard rate of corporation tax in the UK) of 19% (2017 - 19.25%).

The differences are reconciled below:

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

	2018 £	2017 £
Profit before tax	<u>527,079</u>	<u>212,442</u>
Corporation tax at standard rate	100,145	40,887
Effect of expense not deductible in determining taxable profit (tax loss)	495	975
Effect of tax losses	(16,471)	(16,685)
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	(3,718)	(2,951)
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	(48,134)	(54,907)
Tax increase (decrease) from effect of capital allowances and depreciation	<u>19,806</u>	<u>22,957</u>
Total tax charge/(credit)	<u><u>52,123</u></u>	<u><u>(9,724)</u></u>

11 Intangible assets

	Goodwill £	Other intangible assets £	Total £
Cost or valuation			
At 1 January 2018	1,882,600	67,938	1,950,538
Additions acquired separately	<u>-</u>	<u>5,356</u>	<u>5,356</u>
At 31 December 2018	<u>1,882,600</u>	<u>73,294</u>	<u>1,955,894</u>
Amortisation			
At 1 January 2018	1,074,369	46,249	1,120,618
Amortisation charge	<u>93,623</u>	<u>24,367</u>	<u>117,990</u>
At 31 December 2018	<u>1,167,992</u>	<u>70,616</u>	<u>1,238,608</u>
Carrying amount			
At 31 December 2018	<u><u>714,608</u></u>	<u><u>2,678</u></u>	<u><u>717,286</u></u>
At 31 December 2017	<u><u>808,231</u></u>	<u><u>21,689</u></u>	<u><u>829,920</u></u>

Intangible assets held under finance leases

Included within intangible assets are the following assets held under finance lease:

Computer software

The gross value of this asset is £43,379 (2017 - £62,413). Accumulated amortisation and impairment is £43,379 (2017 - £40,724) and it has a net carrying value of £Nil (2017 - £21,689).

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

12 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Other tangible assets £	Total £
Cost or valuation				
At 1 January 2018	1,532,328	333,650	2,060,057	3,926,035
Additions	-	23,601	80,686	104,287
At 31 December 2018	<u>1,532,328</u>	<u>357,251</u>	<u>2,140,743</u>	<u>4,030,322</u>
Depreciation				
At 1 January 2018	319,325	317,850	1,627,886	2,265,061
Charge for the year	30,647	14,402	64,826	109,875
At 31 December 2018	<u>349,972</u>	<u>332,252</u>	<u>1,692,712</u>	<u>2,374,936</u>
Carrying amount				
At 31 December 2018	<u>1,182,356</u>	<u>24,999</u>	<u>448,031</u>	<u>1,655,386</u>
At 31 December 2017	<u>1,213,003</u>	<u>15,799</u>	<u>432,171</u>	<u>1,660,973</u>

Included within the net book value of land and buildings above is £286,420 (2017 - £293,919) in respect of freehold land and buildings, and £895,936 (2017 - £919,084) in respect of leasehold land and buildings. The leasehold property is on 100 years lease from Feb 1979 to Feb 2078.

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2018 £	2017 £
Plant and machinery	<u>92,979</u>	<u>109,387</u>

13 Investments in subsidiaries, joint ventures and associates

	2018 £	2017 £
Investments in subsidiaries	<u>100</u>	<u>100</u>

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Subsidiaries	£
Cost or valuation	
At 1 January 2018	<u>100</u>
Provision	
Carrying amount	
At 31 December 2018	<u>100</u>
At 31 December 2017	<u>100</u>

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2018	2017
Subsidiary undertakings				
Millaber Holdings Limited	Coldred Road Maidstone Parkwood Kent ME15 9XX United Kingdom	Ordinary	100%	100%

The principal activity of Millaber Holdings Limited is a dormant company

14 Stocks

	2018 £	2017 £
Other inventories	<u>51,807</u>	<u>50,544</u>

15 Debtors

	Note	2018 £	2017 £
Trade debtors		1,505,632	2,458,987
Amounts owed by related parties	23	1,226,304	981,511
Other debtors		107,307	4,525
Prepayments		12,578	13,156
Gross amount due from customers for contract work		<u>1,041,439</u>	<u>690,786</u>
Total current trade and other debtors		<u>3,893,260</u>	<u>4,148,965</u>

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

16 Cash and cash equivalents

	2018 £	2017 £
Cash on hand	43	128
Cash at bank	445,959	444,200
	<u>446,002</u>	<u>444,328</u>

17 Creditors

	Note	2018 £	2017 £
Due within one year			
Loans and borrowings	21	78,090	629,835
Trade creditors		546,225	419,264
Amounts due to related parties	23	68,037	22,742
Social security and other taxes		69,218	137,693
Other payables		103,656	460,198
Accrued expenses		10,668	26,392
Income tax liability	10	103,975	48,133
		<u>979,869</u>	<u>1,744,257</u>
Due after one year			
Loans and borrowings	21	<u>180,917</u>	<u>258,756</u>

18 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 January 2018	74,481	74,481
Additional provisions	<u>(3,718)</u>	<u>(3,718)</u>
At 31 December 2018	<u>70,763</u>	<u>70,763</u>

19 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 £37,003 (2017 - £28,669).

20 Share capital

Allotted, called up and fully paid shares

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

	2018		2017	
	No.	£	No.	£
Ordinary A Class of £1 each	2,520,000	2,520,000	2,520,000	2,520,000
Ordinary B Class of £1 each	<u>1,680,000</u>	<u>1,680,000</u>	<u>1,680,000</u>	<u>1,680,000</u>
	<u>4,200,000</u>	<u>4,200,000</u>	<u>4,200,000</u>	<u>4,200,000</u>

21 Loans and borrowings

	2018 £	2017 £
Non-current loans and borrowings		
Bank borrowings	177,157	233,907
Finance lease liabilities	<u>3,760</u>	<u>24,849</u>
	<u>180,917</u>	<u>258,756</u>

	2018 £	2017 £
Current loans and borrowings		
Bank borrowings	57,001	591,955
Finance lease liabilities	<u>21,089</u>	<u>37,880</u>
	<u>78,090</u>	<u>629,835</u>

Bank borrowings

Bank loans is denominated in sterling with a nominal interest rate of 1.75% over base rate, and the final instalment is due on 22 March 2023. The carrying amount at year end is £234,157 (2017 - £290,861).

National Westminster Bank plc holds an Unscheduled Mortgage Debenture dated 31st July 2003 incorporating a fixed and floating charge over all current and future assets of the company.

The Bank Loan from Natwest bank is secured against the Land & Buildings at Coldred Road, Maidstone, Kent and its associated assets. The charge was created on 19th October 2007.

22 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

	2018 £	2017 £
Not later than one year	21,089	37,880
Later than one year and not later than five years	<u>3,760</u>	<u>24,849</u>
	<u>24,849</u>	<u>62,729</u>

Operating leases

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

The total of future minimum lease payments is as follows:

	2018 £	2017 £
Not later than one year	12,656	12,946
Later than one year and not later than five years	9,000	11,116
	<u>21,656</u>	<u>24,062</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £13,891 (2017 - £24,062).

23 Related party transactions

Summary of transactions with entities with joint control or significant interest

Income and receivables from related parties

	Entities with joint control or significant influence £
2018	
Sale of goods	74,000
Amounts receivable from related party	<u>1,226,303</u>

	Entities with joint control or significant influence £
2017	
Sale of goods	239,486
Amounts receivable from related party	<u>981,511</u>

Expenditure with and payables to related parties

	Entities with joint control or significant influence £
2018	
Purchase of goods	914,116
Rendering of services	481,275
	<u>1,395,391</u>
Amounts payable to related party	<u>68,037</u>

Advanced Tooling Systems UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

	Entities with joint control or significant influence £
2017	
Purchase of goods	369,711
Rendering of services	465,581
	<u>835,292</u>
Amounts payable to related party	<u>22,742</u>

24 Parent and ultimate parent undertaking

Advanced Tooling Systems (Holdings) Limited is controlled by its Directors K Best and A Gander

The company's immediate parent is Advanced Tooling Systems (Holdings) Limited, incorporated in UK.