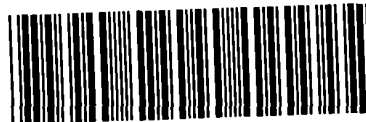


TIFLEX LIMITED

**DIRECTORS' REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2017

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TIFLEX LIMITED

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TIFLEX LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

BUSINESS REVIEW

The Directors are pleased to report another profitable year, despite challenging market conditions. The Company's order book continues to grow, giving cause for optimism that the revenues and profitability in the near future will continue to show growth.

Health and safety throughout the company remains paramount, with emphasis placed on developing a culture of near-miss reporting to minimise the risk of injury.

The Company continues to strive to maximise customer satisfaction in their dealings with Tiflex.

Working capital remains a key driver, with stock, debtor and creditor days being closely measured and managed.

FINANCIAL KEY PERFORMANCE INDICATORS

The following key performance indicators are measured and reviewed on a regular basis and enable the business to set and communicate its performance targets and monitor its performance against these targets.

Revenue growth - annual growth rate of revenue: 20.3% increase (2016: 5.2% decrease)

Operating margin - operating profit after special items as a percentage of revenue: 2.1% (2016: 3.2%)

Working capital levels - Net current assets as a percentage of revenue: 18.9% (2016: 22.7%)

Shareholders' funds: £4,478,000 (2016: £4,672,000)

During the year the Company spent £128,000 on capital expenditure (2016: £225,000)

OTHER KEY PERFORMANCE INDICATORS

The following additional key performance indicators are measured and reviewed on a regular basis by the Directors to provide visibility of the Group's performance from a non-financial information perspective.

Customer service

Although good progress was made in the 2016 Customer Satisfaction Survey there remains scope for improvement to deliver our goal of top quartile performance across the whole business. From the feedback staff knowledge, skills and helpfulness remain strengths in the eyes of customers. Greater consistency and problem handling are areas of focus; to this end a standardised series of customer-facing processes focusing on complaint handling are being developed linked to the International Organisation for Standardisation (ISO) requirements.

Employee matters

Head count: 157 (2016: 161), with absenteeism levels on average 2.9% (2016: 2.9%) which is significantly better than industry standards.

TIFLEX LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

PRINCIPAL RISKS AND UNCERTAINTIES

Market risk

The Company's main exposure to market risk arises from the location of its customers, particularly in markets where economic downturn has been seen. The Company mitigates these risks by not being overly dependent upon either one key customer or single market sector.

Operational risk

The Company's main operational risk arises from the increase of input costs in so far as these cannot be passed onto the customer due to the impact on price and market conditions. The Company seeks to mitigate the increase in costs by a combination of continuous manufacturing improvement initiatives to minimise the impact of input cost increases and, if applicable and commercially viable, increasing costs to customers.

Financial risk

The main financial risks faced by the Company are foreign currency risk, credit risk and liquidity risk.

Foreign currency risk is managed by monitoring the foreign exchange markets and utilising hedging instruments, principally in our most exposed currency, the euro. Internal hedging arrangements between the companies within the James Walker Group are also used to mitigate the risk, with internal prices set based on the expected rates for the financial year.

Credit risk is managed by monitoring limits and payment performance of counterparties and applying appropriate levels of credit to limit the Company's exposure.

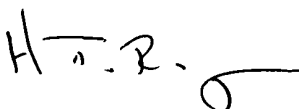
Liquidity risk is managed through regular cash forecasting. Short term flexibility is provided via inter group loans and cash pooling facilities

Business risk

On 29 March 2017 the UK notified the European Union of its intent to withdraw from membership. This continues to provide uncertainty for the Company, primarily with regard to exchange rates and access to export markets. The Company will be impacted by any tariffs and compliance requirements for trade with the EU as one of its major markets. Conversely the weakening of sterling helps the business as an exporter. New trade agreements to non-EU regions may also assist business; however, it is too early to predict.

This report was approved by the Board on 28 June 2017 and signed on its behalf.

H T Rogers
Director



TIFLEX LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The Directors present their report and the financial statements for the year ended 31 March 2017.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £406,000 (2016: £488,000).

The directors have approved the payment of an interim dividend of £800,000 (2016: £600,000) payable on 20 June 2017.

DIRECTORS

The Directors who served during the year were:

P G Needham (Chairman)
P J Caulfield
T Collins
A H Hall (resigned 20 January 2017)
D Jackson
H T Rogers

FUTURE PROSPECTS

The Company is pleased to have a very healthy order book at the end of the financial year, amongst a mixed range of industrial sectors, which bodes well for the future.

TIFLEX LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

EMPLOYEE INVOLVEMENT

Effective communication with employees is of vital importance and the Company has established procedures to provide information to, and consult with, employees on financial and other matters that affect them.

DISABLED EMPLOYEES

It is the practice of the Company to facilitate the employment of disabled persons and to provide, whenever possible, opportunities for training, career development and promotion. Where employees become disabled whilst in service, every effort is made to rehabilitate them to their former jobs or some other suitable alternative and provide appropriate training and specialist advice.

RESEARCH AND DEVELOPMENT ACTIVITIES

To ensure that the Company keeps pace with the demanding changes in industry, its engineers and technologists have placed emphasis upon the need for research and development into materials and products.

ENVIRONMENTAL MATTERS

The Company is committed to minimising the impact that its products and processes have on the environment and to providing a safe working environment for our employees.

DISCLOSURE OF INFORMATION TO AUDITORS

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

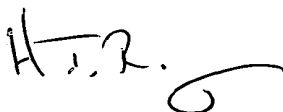
- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors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

AUDITORS

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

This report was approved by the Board on 28 June 2017 and signed on its behalf.

H T Rogers
Director



TIFLEX LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TIFLEX LIMITED

We have audited the financial statements of Tiflex Limited for the year ended 31 March 2017, set out on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law, and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON 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 March 2017 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 MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Directors' Report has been prepared in accordance with applicable legal requirements

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.

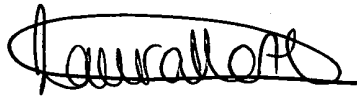
TIFLEX LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TIFLEX LIMITED

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.



Laura Mott (Senior Statutory Auditor)

for and on behalf of
haysmacintyre

Statutory Auditors

26 Red Lion Square
London
WC1R 4AG

28 June 2017

TIFLEX LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

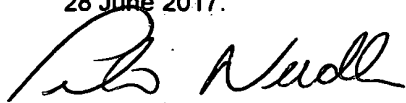
	Note	2017 £000	2016 £000
Turnover	3	17,357	14,426
Change in stocks of finished goods and work in progress		309	254
Other operating income	4	24	61
Raw materials and consumables		(9,096)	(6,180)
Other external charges		(2,281)	(2,248)
Staff costs (including pension contributions in respect of past service deficit of £844,000 (2016: £825,000))	7	(5,625)	(5,595)
Depreciation and amortisation		(317)	(260)
Operating profit	5	<u>371</u>	<u>458</u>
Tax on profit	9	<u>35</u>	<u>30</u>
Profit for the financial year		<u><u>406</u></u>	<u><u>488</u></u>
Total comprehensive income for the year		<u><u>406</u></u>	<u><u>488</u></u>

TIFLEX LIMITED
REGISTERED NUMBER:00394614

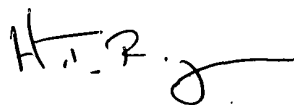
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	2017 £000	2016 £000
Fixed assets			
Tangible assets	11	1,190	1,399
		<u>1,190</u>	<u>1,399</u>
Current assets			
Stocks	12	2,493	2,169
Debtors	13	4,375	3,683
Cash at bank and in hand	14	109	104
		<u>6,977</u>	<u>5,956</u>
Creditors: amounts falling due within one year	15	(3,689)	(2,683)
Net current assets		<u>3,288</u>	<u>3,273</u>
Total assets less current liabilities		<u>4,478</u>	<u>4,672</u>
Net assets		<u>4,478</u>	<u>4,672</u>
Capital and reserves			
Called up share capital	18	225	225
Profit and loss account	17	4,253	4,447
		<u>4,478</u>	<u>4,672</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 28 June 2017.



P G Needham
Director



H T Rogers
Director

TIFLEX LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2016	225	4,447	4,672
Comprehensive income for the year			
Profit for the year	-	406	406
Dividends: equity capital	-	(600)	(600)
At 31 March 2017	225	4,253	4,478

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

	Share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2015	225	5,672	5,897
Comprehensive income for the year			
Profit for the year	-	488	488
Dividends: equity capital	-	(1,700)	(1,700)
Equity Participation Scheme charge	-	(13)	(13)
At 31 March 2016	225	4,447	4,672

TIFLEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies

1.1 Basis of preparation of financial statements

Tiflex Limited is a private Company, limited by shares, registered in England and Wales.

The registered office is:

Lion House
Oriental Road
Woking
Surrey
GU22 8AP

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

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of James Walker Group Limited as at 31 March 2017 and these financial statements may be obtained from its registered office.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. Accounting policies (continued)

1.3 Turnover

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

Sale of goods

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

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

1.4 Tangible fixed assets

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

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Plant and machinery	- 20% reducing balance method
Motor vehicles	- 25% reducing balance method
Fixtures and fittings	- 25% reducing balance method
Computer equipment	- 33% straight-line method

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

TIFLEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies (continued)

1.5 Stocks

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

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

1.6 Debtors

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

1.7 Cash and cash equivalents

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

1.8 Creditors

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. Accounting policies (continued)

1.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

1.10 Share based payments

The Group operates an Equity Participation Scheme in which employees of the Company are awarded share options based upon the profitability of the group. The fair value of the employee services received in exchange for the grant of share options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of share options granted each year depending on Group profits and therefore the Company recognises the expense of these options in the corresponding year.

1.11 Pensions

Defined contribution pension scheme

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

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the scheme are held separately from the Company in independently administered funds.

Defined benefit pension scheme

Where the risks of a defined benefit plan are shared between entities under common control, the net defined benefit cost is recognised in the financial statements of the Group entity which is legally responsible for the plan and all the other Group entities recognise a cost equal to their contribution for the period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. Accounting policies (continued)

1.12 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods.

1.13 Current and deferred taxation

Tax is recognised in the Statement of Comprehensive Income, except where a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity. In such cases the charge is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

**2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

In the process of applying its accounting policies, the Company is required to make certain estimates, judgements and assumptions that it believes are reasonable based on the information available. These judgements, estimates and assumptions affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting periods presented.

On an ongoing basis, the Company evaluates its estimates using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known.

The following paragraphs detail the estimates and judgements the Company believes to have the most significant impact on the annual results under FRS 102.

Property, plant and equipment (PPE)

The estimated useful economic lives of PPE are based on management's judgement and experience. When management identifies that actual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted prospectively. Due to the significance of PPE investment to the Company, variations between actual and estimated useful economic lives could impact operating results both positively and negatively, although historically few changes to estimated useful economic lives have been required.

The Company is required to evaluate the carrying values of PPE for impairment whenever circumstances indicate, in management's judgement, that the carrying value of such assets may not be recoverable. An impairment review requires management to make subjective judgements concerning the cash flows, growth rates and discount rates of the cash generating units under review.

Stock valuation

The Company includes within the value of WIP a percentage of overheads judged by management to be incurred in direct relation to its manufacturing activities. The overhead absorption rate is a percentage of labour costs and general overheads that is applied consistently year-on-year, subject to annual review for reasonableness by management.

At each financial year end, the Company recognises an impairment against stock. The provision recognised includes a fixed percentage of each stock-line based on its ageing.

TIFLEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

3. TURNOVER

The whole of the turnover is attributable to the principal activity of the Company, the manufacture and sale of rubber and cork based products to the following principal industries: rail, flooring and industrial.

Analysis of turnover by country of destination:

	2017 £000	2016 £000
United Kingdom	11,262	8,401
Rest of Europe	2,067	2,360
Rest of the world	4,028	3,665
	<u>17,357</u>	<u>14,426</u>

4. OTHER OPERATING INCOME

	2017 £000	2016 £000
Sundry income	26	56
Profit on disposal of tangible assets	(2)	5
	<u>24</u>	<u>61</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets	317	260
Exchange differences	44	-
Pension costs	<u>1,233</u>	<u>1,347</u>

TIFLEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

6. AUDITORS' REMUNERATION

	2017 £000	2016 £000
Fees payable to the Company's auditor and its associates in respect of:		
The auditing of accounts of associates of the Company pursuant to legislation	16	15
Other services relating to taxation	3	3
	<u>19</u>	<u>18</u>

7. EMPLOYEES

Staff costs, including Directors' remuneration, were as follows:

	2017 £000	2016 £000
Wages and salaries	4,041	3,888
Social security costs	351	360
Pension costs	1,233	1,347
	<u>5,625</u>	<u>5,595</u>

Pension costs include pension contributions in respect of past service deficit of £844,000 (2016: £825,000).

Included within wages and salaries is £30,030 (2016: £nil) in respect of payments made for compensation of loss of office.

The average monthly number of employees, including the Directors, during the year was as follows:

	2017 No.	2016 No.
Manufacturing	111	114
Sales, Office and Management	46	47
	<u>157</u>	<u>161</u>

TIFLEX LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017****8. DIRECTORS' REMUNERATION**

	2017 £000	2016 £000
Directors' emoluments	519	531
Company contributions to defined contribution pension schemes	42	89
	<u>561</u>	<u>620</u>

The highest paid Director received remuneration of £170,496 (2016: £142,796).

The value of the Company's contributions paid to a defined benefit contribution pension scheme in respect of the highest paid Director amounted to £nil (2016: £69,296).

During the year retirement benefits were accruing to four Directors (2016: two) in respect of defined contribution pension schemes and to two Directors (2016: two) under a defined benefit scheme. Pension arrangements with regards to two Directors who are also Directors of the parent company are disclosed in the parent company accounts.

9. TAXATION

	2017 £000	2016 £000
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(35)	(30)
Total deferred tax	<u>(35)</u>	<u>(30)</u>
Taxation on loss on ordinary activities	<u>(35)</u>	<u>(30)</u>

TIFLEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

9. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	371	458
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	74	92
Effects of:		
Adjustments to brought forward values: FRS102	-	(6)
Research and development tax credit	(4)	(6)
Movement in deferred tax	-	9
Deferred tax not recognised	28	14
Group relief	(133)	(133)
Total tax charge for the year	(35)	(30)

Factors that may affect future tax charges

Based on current investment plans the Company expects to continue to be able to claim capital allowances in excess of depreciation.

The Directors have reviewed the tax losses of the Company and in view of the anticipated future profitability, a deferred tax asset of £110,000 (2016: £75,000) has been recognised in the statement of financial position.

10. DIVIDENDS: EQUITY CAPITAL

	2017 £000	2016 £000
Dividends: equity capital	600	1,700
	600	1,700

TIFLEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

11. TANGIBLE FIXED ASSETS

	Plant and machinery £000
Cost or valuation	
At 1 April 2016	6,213
Additions	128
Disposals	(55)
At 31 March 2017	<u>6,286</u>
Depreciation	
At 1 April 2016	4,814
Charge for the year	317
Disposals	(35)
At 31 March 2017	<u>5,096</u>
Net book value	
At 31 March 2017	<u><u>1,190</u></u>
At 31 March 2016	<u><u>1,399</u></u>

12. STOCKS

	2017 £000	2016 £000
Raw materials and consumables	621	606
Finished goods and goods for resale	1,872	1,563
	<u><u>2,493</u></u>	<u><u>2,169</u></u>

Stock recognised in raw materials and consumables during the year as an expense was £8,807,000 (2016: £5,926,000)

An impairment loss of £140,000 (2016: £176,000) was recognised in raw materials and consumables against stock during the year due to slow-moving and obsolete stock.

TIFLEX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

13. DEBTORS

	2017 £000	2016 £000
Due after more than one year		
Deferred tax asset (see note 16)	110	75
	<u>110</u>	<u>75</u>
Due within one year		
Trade debtors	2,586	1,845
Amounts owed by group undertakings	1,440	1,517
Other debtors	4	4
Prepayments and accrued income	235	242
	<u>4,375</u>	<u>3,683</u>

An impairment loss of £13,000 (2016: £13,000) was recognised against trade debtors.

14. CASH AND CASH EQUIVALENTS

	2017 £000	2016 £000
Cash at bank and in hand	109	104
	<u>109</u>	<u>104</u>

15. CREDITORS: Amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	2,155	1,481
Amounts owed to group undertakings	850	847
Other taxation and social security	263	137
Accruals and deferred income	421	218
	<u>3,689</u>	<u>2,683</u>

TIFLEX LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017****16. DEFERRED TAXATION**

	2017 £000	2016 £000
At 1 April 2016	75	45
Charged to profit or loss	35	30
At 31 March 2017	110	75

The deferred tax asset is made up as follows:

	2017 £000	2016 £000
Decelerated capital allowances	110	75
	110	75

17. RESERVES**Profit and loss account**

The profit and loss account includes all current and prior period retained profits and losses.

18. SHARE CAPITAL

	2017 £000	2016 £000
Allotted, called up and fully paid		
225,100 ordinary shares of £1 each	225	225

19. CONTINGENT LIABILITIES

At 31 March 2017 the Company was party to a multilateral guarantee in respect of the indebtedness of other group companies to the value of £2,000,000 (2016: £2,000,000).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

20. PENSION COMMITMENTS

The Company participates in a group defined benefit plan, the James Walker Pension Scheme ("JWPS"). For the purposes of FRS102 s28 the Company cannot identify its share of the underlying assets & liabilities of the defined benefit schemes in which it participates and the Company's pension contributions are assessed in accordance with the advice of a qualified independent actuary whose calculations are based upon total scheme membership. There is no contractual agreement or stated policy for charging the cost of the plan to the individual companies. In overall terms at 31 March 2017 there was nil deficit in respect of the UK schemes. The JWPS was closed to future accrual with effect from 30 April 2016 and active members of the scheme at that date were auto-enrolled into the James Walker Group Personal Pension Plan, a defined contribution scheme. Further information is included in the financial statements of the parent undertaking.

21. RELATED PARTY TRANSACTIONS

The Company has taken advantage of exemptions from disclosing transactions with related companies under the provisions of Section 33 of Financial Reporting Standard 102.

22. CONTROLLING PARTY

The ultimate parent undertaking is James Walker Group Limited.

Group financial statements for James Walker Group Limited are available to the public from Companies Registration Office, Crown Way, Cardiff on payment of the appropriate fee.