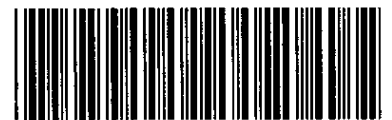

PEXION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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PEXION LIMITED

COMPANY INFORMATION

Directors	D J Brindle D J Turner
Registered number	02033029
Registered office	Crosses Barn Shaw Brow Whittle-Le-Woods Chorley PR6 7HG
Auditor	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB
Bankers	HSBC Plc 4 Hardman Square Spinningfields Manchester M3 3EB
Solicitors	AB Corporate LLP Altia Spa Road Bolton BL1 AG

PEXION LIMITED

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PEXION LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Principal activities

Pexion Limited is an industrial investment and management company. The Group's principal activities are the manufacture and assembly of precision engineered and fabricated metal products and the supply and service of machine tools primarily to the aerospace, defence, power generation, oil and gas and automotive markets.

Business review

The Group has achieved significant growth over the past year through the continued implementation of its Strategic Plan. As a result, sales increased from £25.4m to £33.3m and operating profit increased from £0.07m to £1.16m.

The Group is progressing with the Strategic Plan and identifying and completing further acquisitions to complement the existing businesses. This coupled with expected growth in financial year 2019 should see the Group grow again in both turnover and profitability.

Principal risks and uncertainties

A number of customers require adherence to specified criteria and quality controls, which allow the Group to continue to trade with them. This is particularly true of the aerospace industry. A loss of these approvals would cause delays and would then have a financial impact on the Group as well as damaging the customer relationships. The Group operates regular internal and external audits to ensure that the customer approvals are maintained whilst identifying improvements for the future.

The Group is dependent on a relatively small number of suppliers for key materials in the manufacture of certain products. Should there, for any reason, be an interruption in supply, production of Group's products could be delayed. The Group mitigates this risk by aiming to have a minimum of two suppliers for all key components and for raw materials.

The Group's production staff are well trained and highly skilled in metal machining and as such are highly sought after. This has resulted in a skills shortage and if staff were to leave the Group might be susceptible to delays in production, which might reflect on the Group brand and customer relationships. The Group operates an effective employee feedback process so that workplace issues are resolved quickly and efficiently.

Financial key performance indicators

The Group has a number of key performance indicators which are reviewed on a regular basis. These are listed below:

- Monthly consolidated group, divisional and individual business unit management accounts tracking turnover, gross profit, EBITDA and overheads including analysis of variances to budget and prior period comparatives.
- Monthly consolidated group profit and loss, balance sheet and cash flow to ensure compliance with banking covenants.
- Monthly forecast consolidated group, divisional and individual business unit sales, gross margin, EBITDA, cash flow and borrowing capacity with analysis of variance from previous forecasts.
- Daily sales and cash analyses at individual business unit level together with monthly analysis of consolidated order book and orders received
- Detailed monthly analysis of manufacturing performance including output, efficiency and delivery performance
- Detailed monthly health, safety and environmental reviews.

PEXION LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Gross revenue

As the prime measure of our economic output revenue growth is key to measuring shareholder return as *continued growth in revenue gives an indication of product quality and sustainability*. In the current year, Group revenue was £33.3m compared to £25.4m in 2017.

Gross Margin

Gross Margin is a measure of the value added by the Group in its production. Growth in both volume of margin and its proportion of revenue drives the Group's aim of measuring shareholder returns. Gross profit for 2018 was £11.4m (2017 - £9.4m). The Group expects this growth to continue in 2019.

Financial risk management objectives and policies

During 2018, the Group commenced discussions with its principal banker, HSBC, to renew and extend the £7m revolving credit facility agreed in 2017. These discussions were concluded in January 2019 when the revolving credit facility was extended and replaced with a £17m committed acquisition facility which will continue to be utilised to finance the acquisition of additional businesses identified in the Group's strategic plan.

In addition to the above facility, the Group uses various financial instruments including cash, bank overdrafts, invoice discounting facilities and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations and *acquisitions*.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks, which are summarised below. These policies have remained unchanged from the previous year.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by careful management of working capital together with overdraft facilities.

Interest rate risk

The Group finances its operations primarily through bank facilities comprising revolving credit, mortgage, overdraft and invoice discounting facilities. Investment in fixed assets is financed using finance leases and hire purchase contracts. Whilst there is exposure to interest rate fluctuations on the revolving credit and invoice discounting facilities, the directors consider that this risk can be managed to an extent by effective credit control but also by studying future interest rate trends and expectations. The Group will seek to manage its exposure to interest rate fluctuations by entering into fixed rate agreements where possible.

Credit risk

In order to manage credit risk the directors set limits for customers based on a combination of payment history and *third party credit references*. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

PEXION LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Health and safety

The Group gives a high priority to health and safety issues and takes all reasonable measures, and provides sufficient funds, to ensure the health, safety and welfare at work of all its employees. The directors of Pexion Limited ensure that the health and safety policies within the subsidiary companies are correctly regulated and promote a positive health and safety attitude with all our staff and operatives.

It is a function of management to provide proper equipment and protective clothing and to plan ways to create an environment in which business operations can be carried out safely.

Employees have a responsibility to work in a safe manner. To this end, the Group liaises with external accident prevention organisations and through its safety and training officers, the provision of safety courses and its safety committees, encourages staff to identify and guard against potential hazards.


Employees

The Group maintains a policy of offering employment to disabled persons where practicable, and also, if an existing employee becomes disabled, every effort is made to give continuity of employment. Training is given where appropriate.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed of matters affecting them as employees and on the various factors affecting the performance of the Group.

This report was approved by the board on 19 June 2019 and signed on its behalf.



D J Brindle
Director

PEXION 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.

Dividends

The results of the Group for the year to 31 December 2018 are set out in detail on page 10.

The profit/(loss) for the year was £0.56m (2017: (£0.45m)). The operating profit of the Group for the financial year amounted to £1.16m (2017: £0.07m).

No dividend was declared in 2018 (2017: £50,000).

Directors

The directors who served during the year were:

D J Brindle
D J Turner

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

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 and the Group's auditor is 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 and the Group's auditor is aware of that information.

PEXION LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Post balance sheet events

Pexion Limited acquired 100% of the share capital of Clitheroe Light Engineering Co Limited and its holding company on 7 February 2019 for £4,100,000 and 100% of the share capital of Nitronica Limited on 13 May, 2019 for £6,600,000.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19 June 2019 and signed on its behalf.



D J Brindle
Director



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PEXION LIMITED

Opinion

We have audited the financial statements of Pexion Limited (the 'company') for the year ended 31 December 2018, set out on pages 9 to 53. 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PEXION LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Strategic 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PEXION LIMITED (CONTINUED)

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement 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 Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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.

Grant Thornton UK LLP

Carl Williams
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Senior Statutory Auditor, Chartered Accountants
Manchester

19 June 2019

PEXION LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017	£
Turnover:	3			
Continuing operations		29,937,316	20,512,311	
Acquisitions		<u>3,368,813</u>	<u>4,834,816</u>	
		33,306,189		25,347,127
Cost of sales		<u>(21,884,992)</u>		<u>(15,983,356)</u>
Gross profit		11,421,197		9,363,771
Administrative expenses		<u>(10,294,282)</u>	(9,352,923)	
Other operating income		<u>34,394</u>	<u>60,016</u>	
		(10,259,888)		(9,292,907)
Operating profit				
Continued operations		723,195	(551,460)	
Acquisitions		<u>438,115</u>	<u>622,324</u>	
		1,161,309		70,864
Interest receivable and similar income		4,915		713
Interest payable and expenses	11	<u>(812,939)</u>	<u>(537,629)</u>	
		353,285		(466,049)
Tax on profit/(loss)	12	<u>210,853</u>		14,090
Profit/(loss) for the financial year		<u>564,138</u>		<u>(451,959)</u>
Actuarial gains on defined benefit pension scheme	30	1,009,015		1,383,840
Movement of deferred tax relating to pension deficit	25	<u>(171,533)</u>	<u>(247,437)</u>	
Other comprehensive income for the year		<u>837,482</u>		<u>1,136,403</u>
Total comprehensive income for the year		<u>1,401,620</u>		<u>684,444</u>

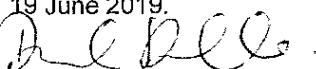
The notes on pages 19 to 53 form part of these financial statements.

PEXION LIMITED
REGISTERED NUMBER:02033029

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	14	15,662,389	13,325,631
Tangible assets	15	10,767,865	9,082,619
		<u>26,430,254</u>	<u>22,408,250</u>
Current assets			
Stocks	17	4,152,185	3,466,102
Debtors: amounts falling due within one year	18	8,198,815	7,015,433
Cash at bank and in hand	19	1,115,451	617,075
		<u>13,466,451</u>	<u>11,098,610</u>
Creditors: amounts falling due within one year	20	(15,636,482)	(11,596,426)
Net current liabilities		<u>(2,170,031)</u>	<u>(497,816)</u>
Total assets less current liabilities		<u>24,260,223</u>	<u>21,910,434</u>
Creditors: amounts falling due after more than one year	21	(16,082,259)	(14,109,928)
Provisions for liabilities			
Net assets excluding pension liability		<u>8,177,964</u>	<u>7,800,506</u>
Pension liability	30	(2,474,000)	(3,498,160)
Net assets		<u><u>5,703,964</u></u>	<u><u>4,302,346</u></u>
Capital and reserves			
Called up share capital	26	2,554,200	2,554,200
Share premium account	27	222,200	222,200
Capital redemption reserve	27	1,262,425	1,262,425
Profit and loss account	27	1,665,139	263,521
Shareholders' funds		<u><u>5,703,964</u></u>	<u><u>4,302,346</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 June 2019.



D J Brindle
Director

The notes on pages 19 to 53 form part of these financial statements.

PEXION LIMITED
REGISTERED NUMBER:02033029

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	15	333,991	99,507
Investments	16	27,283,375	22,286,950
		<u>27,617,366</u>	<u>22,386,457</u>
Current assets			
Debtors: amounts falling due within one year	18	3,900,658	4,067,636
		<u>3,900,658</u>	<u>4,067,636</u>
Creditors: amounts falling due within one year	20	(12,095,248)	(9,537,873)
Net current liabilities		<u>(8,194,590)</u>	<u>(5,470,237)</u>
Total assets less current liabilities		<u>19,422,776</u>	<u>16,916,220</u>
Creditors: amounts falling due after more than one year	21	(10,419,999)	(7,494,358)
Net assets excluding pension liability		<u>9,002,777</u>	<u>9,421,862</u>
Pension liability	30	(2,474,000)	(3,498,160)
Net assets		<u><u>6,528,777</u></u>	<u><u>5,923,702</u></u>
Capital and reserves			
Called up share capital	26	2,554,200	2,554,200
Share premium account	27	222,200	222,200
Capital redemption reserve	27	1,262,425	1,262,425
Profit and loss account		2,489,952	1,884,877
Shareholders' funds		<u><u>6,528,777</u></u>	<u><u>5,923,702</u></u>

PEXION LIMITED
REGISTERED NUMBER:02033029

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2018

As provided by section 408 of the Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's profit for the year was £605,075 (2017: £1,938,384).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 June 2019.



D J Brindle
Director

The notes on pages 19 to 53 form part of these financial statements.

PEXION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2018	2,554,200	222,200	1,262,425	263,521	4,302,346
Comprehensive income for the year					
Profit for the year	-	-	-	564,136	564,136
Actuarial gains on pension scheme	-	-	-	1,009,015	1,009,015
Deferred tax movements	-	-	-	(171,533)	(171,533)
Other comprehensive income for the year					
	-	-	-	837,482	837,482
Total comprehensive income for the year					
	-	-	-	1,401,618	1,401,618
At 31 December 2018	2,554,200	222,200	1,262,425	1,665,139	5,703,964

The notes on pages 19 to 53 form part of these financial statements.

PEXION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2017	2,554,200	222,200	1,262,425	(370,923)	3,667,902
Comprehensive income for the year					
Loss for the year	-	-	-	(451,959)	(451,959)
Actuarial gains on pension scheme	-	-	-	1,383,840	1,383,840
Deferred tax movements	-	-	-	(247,437)	(247,437)
Other comprehensive income for the year				1,136,403	1,136,403
Total comprehensive income for the year				684,444	684,444
Dividends: Equity capital	-	-	-	(50,000)	(50,000)
Total transactions with owners				(50,000)	(50,000)
At 31 December 2017	2,554,200	222,200	1,262,425	263,521	4,302,346

The notes on pages 19 to 53 form part of these financial statements.

PEXION LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2018	2,554,200	222,200	1,262,425	1,884,877	5,923,702
Comprehensive income for the year					
Loss for the year	-	-	-	(232,407)	(232,407)
Actuarial gains on pension scheme	-	-	-	1,009,015	1,009,015
Deferred tax movements				(171,533)	(171,533)
Other comprehensive income for the year	-	-	-	837,482	837,482
Total comprehensive income for the year	-	-	-	605,075	605,075
At 31 December 2018	<u>2,554,200</u>	<u>222,200</u>	<u>1,262,425</u>	<u>2,489,952</u>	<u>6,528,777</u>

The notes on pages 19 to 53 form part of these financial statements.

PEXION LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2017	2,554,200	222,200	1,262,425	(53,507)	3,985,318
Comprehensive income for the year					
Profit for the year	-	-	-	851,981	851,981
Actuarial gains on pension scheme	-	-	-	1,383,840	1,383,840
Deferred tax movements				(247,437)	(247,437)
Other comprehensive income for the year	-	-	-	1,136,403	1,136,403
Total comprehensive income for the year	-	-	-	1,988,384	1,988,384
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(50,000)	(50,000)
Total transactions with owners	-	-	-	(50,000)	(50,000)
At 31 December 2017	2,554,200	222,200	1,262,425	1,884,877	5,923,702

The notes on pages 19 to 53 form part of these financial statements.

PEXION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit/(loss) for the financial year	564,136	(451,959)
Adjustments for:		
Amortisation of intangible assets	778,284	1,191,323
Depreciation of tangible assets	1,166,055	1,008,377
(Profit)/Loss on disposal of tangible assets	(33,169)	52,909
Net finance costs	723,024	409,913
Taxation charge	(210,853)	(14,090)
(Increase) in stocks	(532,017)	(58,343)
(Increase)/decrease in debtors	(43,783)	1,452,060
Increase in creditors	1,891,474	967,737
Pension contributions paid	(344,145)	(284,000)
Defined benefit pension scheme expenses and interest	329,000	222,000
Corporation tax paid	(353,612)	(202,993)
Net cash generated from operating activities	3,934,394	4,292,934

PEXION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Cash flows from investing activities		
Purchase of subsidiary undertaking	(2,947,260)	(12,329,270)
Sale of subsidiary undertaking	-	500,024
Purchase of tangible fixed assets	(1,030,346)	(693,162)
Sale of tangible fixed assets	47,627	180,557
Interest received	4,915	713
Loans acquired with subsidiary undertaking	(202,885)	(116,954)
Purchase of subsidiary undertakings- prior year acquisitions deferred consideration paid	(1,468,633)	(339,978)
Net cash acquired with subsidiary undertaking	1,372,261	6,201,541
Net cash from investing activities	(4,224,321)	(6,596,529)
Cash flows from financing activities		
New long term loans	2,182,310	5,643,189
Repayment of loans	(120,000)	(1,911,244)
Repayment of mortgages	(252,973)	-
Repayment of finance leases	(602,507)	(654,332)
Dividends paid	-	(50,000)
Interest paid	(727,939)	(410,626)
Net cash used in financing activities	478,891	2,616,987
Net increase in cash and cash equivalents	188,964	313,392
Cash and cash equivalents at beginning of year	529,946	216,554
Cash and cash equivalents at the end of year	718,910	529,946
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,115,451	617,075
Bank overdrafts	(396,541)	(87,129)
	718,910	529,946

The notes on pages 19 to 53 form part of these financial statements.

PEXION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

The company is a company limited by shares registered under the Companies Act 2006 and incorporated in England & Wales. The registered office (which also acts as the principal place of business) is Crosses Barn, Shaw Brow, Whittle-le-Woods, Chorley Lancashire, PR6 7HG.

The principal activity has been disclosed within the Strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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 FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In preparing the financial statements, the entity has taken the exemption under FRS 102 from the disclosure of key management personnel.

2.3 Going concern

The financial statements have been prepared on the going concern basis which the directors believe is appropriate for following reasons. The Group currently meets its day to day working capital requirements through its cash balances. The directors have prepared and reviewed cash flow forecasts for the period ending 12 months from the date of approval of these financial statements, which they consider to be achievable given current levels of trading. The directors are confident that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.4 Foreign currency translation

The Company's functional and presentational currency is GBP.

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

2.5 Revenue

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and turnover can be readily measured. Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services.

Sale of goods

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods.

2.6 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.7 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.9 Pensions

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year.

The Group operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 December 2018.

Defined benefit scheme

Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of financial position. A net surplus is recognised only to the extent that it is recoverable.

The current service cost and costs from settlements and curtailments are charged against operating profit. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs. Actuarial gains and losses are reported in other comprehensive income.

The scheme is closed to new members and both future salary increases and service accruals for existing members.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.11 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Amortisation is provided on the following basis:

Goodwill	-	20 years
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2.12 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 Group 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 group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit and loss during the period in which they incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 20 - 50 years
Plant and machinery	- between 3 and 10 years
Fixtures and fittings	- between 3 and 10 years

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 in the Consolidated statement of comprehensive income.

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.13 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

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

2.14 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

2.15 Investments in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate, using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

2.16 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.

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.17 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.

2.18 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.

2.19 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.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.21 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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 the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount 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 best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.21 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported 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.

2.22 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The directors consider the key judgements and estimates in the accounts to be as follows:

- the valuation of pension scheme liabilities
- the recognition of deferred tax assets
- stock provisions
- doubtful debt provisions

Defined benefit pension scheme liability

The present value of the defined benefit pension scheme depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. An actuarial valuation was done at 31 December 2018.

Deferred tax

Management review the deferred tax asset position and its recoverability in light of the expected future performance and strategy of the business. See note 16 for details.

Stock provisions and doubtful debt provisions

Management review the recoverable amount of stock and debtors at each financial year and provide against any assets which management believe are not recoverable in part or in full.

PEXION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Continuing operations	29,937,376	20,512,311
Acquisitions	3,368,812	4,834,816
	<u>33,306,188</u>	<u>25,347,127</u>
	<u>33,306,188</u>	<u>25,347,127</u>
	2018 £	2017 £
United Kingdom	33,306,188	25,347,127
	<u>33,306,188</u>	<u>25,347,127</u>
	<u>33,306,188</u>	<u>25,347,127</u>

5. Other operating income

	2018 £	2017 £
Other operating income	1,225	1,637
Rental income	-	5,470
Profit on disposal of tangible assets	33,169	52,909
	<u>34,394</u>	<u>60,016</u>
	<u>34,394</u>	<u>60,016</u>

6. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Amortisation	778,284	1,191,323
Depreciation	1,166,055	1,008,377
Operating lease rentals- land and buildings	314,807	209,163
Operating lease rentals- other	219,631	80,475
	<u>2,478,777</u>	<u>2,490,340</u>
	<u>2,478,777</u>	<u>2,490,340</u>

PEXION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>36,500</u>	<u>30,000</u>
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	50,350	24,050
Taxation advisory services	60,325	13,640
Transaction services advice	99,708	71,178
Loan covenant review	6,000	2,000
Accounts production	74,000	37,000
	<u>290,383</u>	<u>147,868</u>

8. Employees

	Group 2018 £	Group 2017 £
Wages and salaries	12,379,333	9,124,115
Social security costs	1,253,521	933,861
Other pension costs	500,738	280,795
	<u>14,133,592</u>	<u>10,338,771</u>

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

	2018 No.	2017 No.
Production staff	295	248
Administration staff	112	97
	<u>407</u>	<u>345</u>

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

9. Directors remuneration

	2018 £	2017 £
Emoluments	<u>316,572</u>	<u>302,134</u>

The highest paid director received remuneration of £187,966 (2017 - £172,482).

10. Interest receivable

	2018 £	2017 £
Other interest receivable	<u>4,915</u>	<u>713</u>

11. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	622,326	311,790
Other loan interest payable	886	2,887
Finance leases and hire purchase contracts	104,726	95,949
Interest charge on pension scheme liabilities	85,000	127,000
	<u>812,938</u>	<u>537,626</u>

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	155,423	123,004
Adjustments in respect of previous periods	(274,317)	(112,112)
Total current tax	<u>(118,894)</u>	<u>10,892</u>
Deferred tax		
Origination and reversal of timing differences	(91,959)	(28,829)
Adjustments in respect of previous periods	-	3,847
Total deferred tax	<u>(91,959)</u>	<u>(24,982)</u>
Taxation on profit / (loss) on ordinary activities	<u>(210,853)</u>	<u>(14,090)</u>

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit/(loss) on ordinary activities before tax	353,283	(466,049)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	67,124	(89,714)
Effects of:		
Expenses not deductible for tax purposes	132,202	104,485
Amounts charged directly to equity	191,713	266,373
Deferred tax credit charged directly to equity	(171,533)	(247,437)
Adjust closing tax rate - deferred tax	43,502	61,347
Adjustment opening tax rate - deferred tax	(70,210)	(91,220)
Difference between capital allowances and depreciation	20,827	18,397
Adjustments in respect of previous periods - current tax	(277,505)	(24,096)
Deferred tax not recognised	(54,228)	(12,225)
Adjustment in respect of previous periods- deferred tax	(92,745)	-
Total tax charge for the year	(210,853)	(14,090)

Factors that may affect future tax charges

There will be a reduction in the main rate of corporation tax from 19% to 17% from 1 April 2020.

13. Dividends

	2018 £	2017 £
Dividends paid of £nil per ordinary share (2017: £0.0196)	-	50,000
	-	50,000

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

14. Intangible assets

Group and Company

	Goodwill £
Cost	
At 1 January 2018	15,137,103
Additions	3,115,042
At 31 December 2018	<u>18,252,145</u>
Amortisation	
At 1 January 2018	1,811,472
Charge for the year	778,284
At 31 December 2018	<u>2,589,756</u>
Net book value	
At 31 December 2018	<u>15,662,389</u>
At 31 December 2017	<u>13,325,631</u>

The additions in the year reflect the acquisitions of subsidiary undertakings summarised below:

	2018 £
Hanson Thorpe Holdings Limited	1,304,148
Elite Tooling Solutions Limited	313,875
Alan Gordon Holdings Limited	1,202,377
Balancing payments made in respect of subsidiaries acquired in previous year	339,359
Write off deferred consideration provision no longer required on previous acquisitions	(44,717)
	<u>3,115,042</u>

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Hanson Thorpe Holdings Limited

On 10 May 2018, the group acquired control of Hanson Thorpe Holdings and its subsidiary HT Tooling Solutions Limited, through the acquisition of trade and assets for total consideration of £1,905,620.

Management have estimated the useful life of the goodwill arising to be 20 years.

The following table summarises the consideration paid by the group, the fair value of assets acquired and the liabilities assumed at the acquisition price.

	2018 £
Consideration	
Cash	1,509,468
Deferred consideration	490,000
	<u>1,999,468</u>

Recognised amounts of identifiable assets acquired and liabilities assumed.

	Fair and book values £
Fixed assets	585,560
Stock	141,140
Trade and other debtors	880,254
Cash	265,586
Trade and other creditors	(1,177,220)
Total identifiable net assets	<u>695,320</u>
Goodwill	<u>1,304,148</u>

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Elite Tooling Solutions Limited

On 10 May 2018, the group acquired control of Elite Tooling Solutions Limited through the acquisition of trade and assets for total consideration of £302,398.

Management have estimated the useful life of the goodwill arising to be 20 years.

The following table summarises the consideration paid by the group, the fair value of assets acquired and the liabilities assumed at the acquisition price

	2018 £
Consideration	
Cash	311,151
Deferred consideration	65,000
	<u>376,151</u>

Recognised amounts of identifiable assets acquired and liabilities assumed.

	Fair and book values £
Fixed assets	115,150
Intangible assets	20,833
Stock	1,510
Trade and other debtors	171,261
Cash	5,851
Trade and other creditors	(252,329)
Total identifiable net assets	<u>62,276</u>
Goodwill	<u>313,875</u>

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Alan Gordon Holdings Limited

On 30 November 2018, the group acquired control of Alan Gordon Holdings Limited and its subsidiary Alan Gordon Engineering Co Limited, through the acquisition of trade and assets for total consideration of £2,287,500.

Management have estimated the useful life of the goodwill arising to be 20 years.

The following table summarises the consideration paid by the group, the fair value of assets acquired and the liabilities assumed at the acquisition price.

	2018 £
Consideration	
Cash	808,116
Deferred consideration	1,487,500
	<u>2,295,616</u>

Recognised amounts of identifiable assets acquired and liabilities assumed.

	Fair and book values £
Fixed assets	98,948
Stock	11,416
Trade and other debtors	234,716
Cash	1,100,824
Trade and other creditors	(352,665)
	<u>1,093,239</u>
Goodwill	<u>1,202,377</u>

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

15. Tangible fixed assets

Group

	Freehold land and buildings £	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £
Cost or valuation					
At 1 January 2018	5,117,814	369,311	14,882,260	138,134	1,203,342
Additions	14,078	19,451	1,596,789	5,642	412,752
Acquisition of subsidiary	-	118,563	3,265,901	50,214	109,586
Disposals	-	-	(25,360)	(19,806)	-
At 31 December 2018	5,131,892	507,325	19,719,590	174,184	1,725,680
Depreciation					
At 1 January 2018	370,736	223,302	11,128,854	115,467	930,024
Charge for the year on owned and leased assets	131,258	7,605	874,335	8,716	100,370
Disposals	-	-	(10,903)	(19,806)	-
Acquisitions	-	118,563	2,496,389	41,881	88,207
At 31 December 2018	501,994	349,470	14,488,675	146,258	1,118,601
Net book value					
At 31 December 2018	4,629,898	157,855	5,230,915	27,926	607,079
At 31 December 2017	4,747,078	146,009	3,753,406	22,667	273,318

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

15. Tangible fixed assets (continued)

	Office and computer equipment £	Total £
Cost or valuation		
At 1 January 2018	492,467	22,203,328
Additions	17,391	2,066,103
Acquisition of subsidiary	469	3,544,733
Disposals	-	(45,166)
At 31 December 2018	<u>510,327</u>	<u>27,768,998</u>
Depreciation		
At 1 January 2018	352,326	13,120,709
Charge for the year on owned and leased assets	43,774	1,166,058
Disposals	-	(30,709)
Acquisitions	35	2,745,075
At 31 December 2018	<u>396,135</u>	<u>17,001,133</u>
Net book value		
At 31 December 2018	<u>114,192</u>	<u>10,767,865</u>
At 31 December 2017	<u>140,141</u>	<u>9,082,619</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Leasehold land and buildings	22,187	27,281
Plant and machinery	2,706,588	2,197,096
Motor vehicles	11,608	5,673
Furniture and fittings	72,623	25,231
Freehold land and buildings	27,650	27,558
	<u>2,840,656</u>	<u>2,282,839</u>

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Depreciation charge of assets held under finance leases or hire purchase contracts are as follows:

	2018 £	2017 £
Leasehold land and buildings	460	369
Plant and machinery	480,666	545,338
Motor vehicles	6,314	3,252
Furniture and fittings	8,056	2,419
Freehold land and buildings	552	92
	<u>496,048</u>	<u>551,470</u>

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

15. Tangible fixed assets (continued)

Company

	Leasehold land and buildings improvements £	Plant and machinery £	Total £
Cost or valuation			
At 1 January 2018	-	135,028	135,028
Additions	7,000	282,673	289,673
At 31 December 2018	<u>7,000</u>	<u>417,701</u>	<u>424,701</u>
Depreciation			
At 1 January 2018	-	35,521	35,521
Charge for the year on owned assets	917	54,272	55,189
At 31 December 2018	<u>917</u>	<u>89,793</u>	<u>90,710</u>
Net book value			
At 31 December 2018	<u>6,083</u>	<u>327,908</u>	<u>333,991</u>
At 31 December 2017	<u>-</u>	<u>99,507</u>	<u>99,507</u>

Finance leases

No assets are held under a finance lease or hire purchase contract in the Company.

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

16. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2018	22,286,950
Additions	4,996,425
At 31 December 2018	<u>27,283,375</u>

PEXION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Crossley Advanced Engineering Limited \$	08114073	Holding company	Ordinary	100%
Drurys Engineering Limited \$	02970004	Engineering services	Ordinary	100%
Beldam Burgmann Limited*	01045146	Dormant	Ordinary	100%
Henry Crossley (Packings) Limited*	00269730	Dormant	Ordinary	100%
Paragon Toolmaking Co Limited** \$	07567189	Design and supply of tools	Ordinary	100%
Paragon Precision Limited	02147813	Engineering services	Ordinary	100%
Claro Limited** \$	04830342	Holding company	Ordinary	100%
Claro Precision Engineering Limited** \$	01374225	Supply of machines and parts	Ordinary	100%
Diamondbar Limited** \$	04970233	Holding company	Ordinary	100%
Premier Deep Hole Drilling Limited** \$	01215178	Manufacture complex machines and deep bore components	Ordinary	100%
H K (Holdings) Limited** \$	07059998	Holding company	Ordinary	100%
H K Laser Services Limited** \$	07080406	Laser marketing services	Ordinary	100%
H K Technologies Limited** \$	04658229	Sale of machine and tools	Ordinary	100%
HK3D Solutions Limited** \$	07080617	Provision of services relating to 3D printing	Ordinary	100%
Pexion.com Limited*	00497193	Dormant	Ordinary	100%
Rictor Engineering Limited \$	01808132	Sheet metal fabrication	Ordinary	100%
Beldam Limited*	06720999	Dormant	Ordinary	100%
Hahn & Kolb (Great Britain) Limited*	02989943	Dormant	Ordinary	100%
S.K.N. Electronics Limited \$	02012444	Assembly of circuit boards for the electronics industry	Ordinary	100%
Birkdale Engineering Company Limited \$	04630149	Construction of commercial buildings	Ordinary	100%
Precision Engineering Pieces Limited \$	01491299	Manufacturing of metal products	Ordinary	100%
Oxton Engineering Company Limited** \$	05743237	Manufacture of other machine tools	Ordinary	100%
Oxton Engineering (2006) Limited \$	01426174	Holding company	Ordinary	100%
Phasa Limited** \$	06125612	Manufacture of other special purpose machinery	Ordinary	100%
Tevtec Limited \$	08481748	Holding company	Ordinary	100%
HT Tooling Solutions Limited** \$	02600078	Manufacture of precision injection mould tooling	Ordinary	100%

PEXION LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2018

16. Fixed asset investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Principal activity	Class of shares	Holding
Hanson Thorpe Holdings Limited \$	08804270	Holding company	Ordinary	100%
Elite Tooling Solutions Limited \$	09521961	Manufacture of precision injection mould tooling	Ordinary	100%
Alan Gordon Engineering Co Limited \$	02112664	Manufacture of fabricated metal products	Ordinary	100%
Alan Gordon Holdings Limited	07203635	Holding company	Ordinary	100%

* Dormant

** Owned by another Group entity

\$ Companies that are entitled to and have taken advantage of the exemption from audit available under Section 479A of the Companies Act 2006 relating to subsidiary companies. Pexion Limited has guaranteed the external debts of these subsidiaries, amounts of which have been summarised in the table below.

The above companies are incorporated in Great Britain, registered in England and Wales and wholly owned by Pexion Limited unless otherwise stated.

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

16. Fixed asset investments (continued)

Subsidiary undertakings (continued)

The carrying value of the investments and the aggregate of the share capital and reserves as at 31 December 2018 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £	Total of external debt guarantee provided on £
Crossley Advanced Engineering Limited	35,005	(56)	934,418
Drurys Engineering Limited	731,290	58,344	1,762,086
Beldam Burgmann Limited	(100,496)	-	-
Henry Crossley (Packings) Limited	1	-	-
Paragon Toolmaking Co Limited	941,429	(283,830)	480,724
Paragon Precision Limited	913,190	60,017	741,662
Claro Limited	94,697	-	-
Claro Precision Engineering Limited	3,677,043	401,420	992,272
Diamondbar Limited	631,702	77,040	1,556,430
Premier Deep Hole Drilling Limited	1,280,148	(337,503)	2,142,356
H K (Holdings) Limited	100,782	-	-
H K Laser Services Limited	751,096	144,822	44,646
H K Technologies Limited	(501,841)	(91,766)	1,200,426
HK3D Solutions Limited	(346,083)	(183,447)	220,721
Pexion.com Limited	344,000	-	-
Rictor Engineering Limited	249,875	(67,980)	439,346
Beldam Limited	1	-	-
Hahn & Kolb (Great Britain) Limited	2	-	-
S.K.N. Electronics Limited	2,152,792	(220,841)	1,129,632
Birkdale Engineering Company Limited	52,217	(75,316)	279,654
Precision Engineering Pieces Limited	1,414,721	52,268	440,613
Oxton Engineering Company Limited	3,503,048	577,950	1,008,054
Oxton Engineering (2006) Limited	593,831	31,150	-
Phasa Limited	1,608,173	865,887	-
Tevtec Limited	2,717,597	(21)	-
HT Tooling Solutions Limited	1,265,296	284,340	98,545
Hanson Thorpe Holdings Limited	694,433	(887)	-
Elite Tooling Solutions Limited	185,499	123,223	26,000
Alan Gordon Engineering Co Limited	441,379	(63,443)	-
Alan Gordon Holdings Limited	1,090,387	250,331	-

PEXION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

17. Stocks

	Group 2018 £	<i>Group 2017 £</i>
Raw materials and consumables	1,129,448	793,441
Work in progress	1,922,674	1,558,086
Finished goods	1,100,063	1,114,575
	<u>4,152,185</u>	<u>3,466,102</u>

18. Debtors

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Trade debtors	7,572,054	6,294,547	-	7,392
Amounts owed by group undertakings	-	-	3,384,647	3,264,444
Other debtors	66,725	135,365	20,932	57,558
Prepayments and accrued income	492,835	402,408	86,587	155,731
Deferred taxation (see note 25)	67,201	183,113	408,492	582,511
	<u>8,198,815</u>	<u>7,015,433</u>	<u>3,900,658</u>	<u>4,067,636</u>

19. Cash and cash equivalents

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Cash at bank and in hand	1,115,451	617,075	-	-
Less: bank overdrafts	(396,541)	(87,129)	(504,834)	(87,129)
	<u>718,910</u>	<u>529,946</u>	<u>(504,834)</u>	<u>(87,129)</u>

PEXION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

20. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank overdrafts	396,541	87,129	504,834	87,129
Bank loans	252,239	252,266	-	-
Other loans	120,000	120,000	-	-
Trade creditors	4,031,411	2,594,765	156,367	214,414
Amounts owed to group undertakings	-	-	9,121,645	8,457,758
Corporation tax	293,292	636,080	-	-
Other taxation and social security	1,225,620	993,113	34,384	32,030
Obligations under finance lease and hire purchase contracts	648,994	583,490	-	-
Other creditors	6,869,965	5,225,350	2,176,511	550,108
Accruals and deferred income	1,798,420	1,104,233	101,507	196,434
	15,636,482	11,596,426	12,095,248	9,537,873

21. Creditors: Amounts falling due after more than one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loans	10,478,510	8,669,147	6,999,999	4,817,689
Net obligations under finance leases and hire purchase contracts	1,384,468	1,016,723	-	-
Other creditors	4,219,281	4,424,058	3,420,000	2,676,669
	16,082,259	14,109,928	10,419,999	7,494,358

PEXION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

22. Loans

Included in the above are amounts falling due as follows:

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Amounts falling due within one year				
Bank loans	252,239	252,266	-	-
Other loans	120,000	120,000	-	-
	<u>372,239</u>	<u>372,266</u>	<u>-</u>	<u>-</u>
Amounts falling due 2-5 years				
Bank loans	7,937,823	5,614,611	6,999,999	4,817,689
Other loans	274,000	394,000	-	-
	<u>8,211,823</u>	<u>6,008,611</u>	<u>6,999,999</u>	<u>4,817,689</u>
Amounts falling due after more than 5 years				
Bank loans	2,266,687	2,660,536	-	-
	<u>2,266,687</u>	<u>2,660,536</u>	<u>-</u>	<u>-</u>
	<u>10,850,749</u>	<u>9,041,413</u>	<u>6,999,999</u>	<u>4,817,689</u>

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

22. *Loans (continued)*

Bank loans relate to the Revolving Credit Facility, £7,000,000, (2017: £4,817,619) and commercial mortgage facilities, £3,456,750 (£3,709,725). The Revolving Credit Facility was extended and replaced with a £17,000,000 Committed Acquisition Facility in January 2019.

The other loan is unsecured. The other loan is repaid monthly and full repayment will be made four years.

The group holds a number of loans with HSBC. The loan repayment terms and interest rates are summarised below:

Facility	Repayment date	Interest rate
Commercial mortgage facility	October 2022	2.99% per annum fixed
Commercial mortgage facility	November 2036	2.5% per annum over the Bank of England base rate
Commercial mortgage facility	November 2035	2.5% per annum over the Bank of England base rate
Commercial mortgage facility	November 2036	Fixed at 3.19%
Commercial mortgage facility	November 2036	2.5% per annum over the Bank of England base rate
Commercial mortgage facility	February 2037	3% per annum over the Bank of England base rate
Commercial mortgage facility	November 2026	Fixed at 3.69%
Commercial mortgage facility	November 2037	Fixed at 3.78%

Security held

The bank loans and overdrafts are secured through:

First legal charge date 2 November 2016 over freehold property know as Unit 2, Harpings Road, Hull, HU5 4JF.

First legal charge dated 2 November 2016 over freehold property know as 321 National Avenue, Hull, HU5 4JB.

First legal charge dated 13 September 2016 over the freehold property known as 1 Derby Street, Denton, M34 3SD.

First legal charge dated 4 November 2015 over freehold property known as Unit, 2, 3, 4 Wellington Road, London Colney, St Albans, Hertfordshire, AL2 1EY and Drilling Unit, Wellington Road, London Colney, St Albans, Hertfordshire, AL2 1EY.

First legal charge dated 19 March 2018. Over freehold property known as land on the South Side of Bridge Street and 122 Cleveland Street, Birkenhead title numbers (M10999 and MS316858).

First legal charge dated 27 January 2017 over freehold property known at 60B Cemetery Road, Southport, Merseyside PR8 5EF.

First legal charge dated 7 September 2012 over freehold property known at 21 Wilbury Way, Hitchin, SG4 0TY.

Debenture including fixed charge over all present freehold and leasehold property; first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and first floating charge over all assets and undertaking both present and future.

Composite company limited multilateral guarantee dated 17 November 2015 given by all companies within the Pexion Limited group.

PEXION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

23. Obligations under finance leases and hire purchase contracts

Minimum lease payments under hire purchase fall due as follows:

	Group 2018 £	<i>Group 2017 £</i>
Within one year	648,992	583,490
Between 1-5 years	1,378,518	908,440
Over 5 years	5,951	108,283
	<u><u>2,033,461</u></u>	<u><u>1,600,213</u></u>

The Group uses finance leases and hire purchase contracts to acquire plant and machinery. Future minimum lease payments due under finance leases and hire purchase contracts are shown above.

24. Financial instruments

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u><u>7,638,779</u></u>	<u><u>7,049,335</u></u>	<u><u>3,405,579</u></u>	<u><u>64,950</u></u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u><u>(28,166,367)</u></u>	<u><u>(21,375,064)</u></u>	<u><u>-</u></u>	<u><u>(9,537,874)</u></u>

Financial assets that are debt instruments measured at amortised cost comprise cash and other assets that have the contractual right to receive cash.

Financial liabilities measured at amortised cost comprise other liabilities which have the contractual obligation to deliver cash.

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

25. Deferred taxation

Group

	2018 £	2017 £
At beginning of year	183,113	487,530
Charged to profit and loss	91,959	24,982
Charged to other comprehensive income	(171,533)	(247,437)
Acquisitions	(36,338)	(81,962)
At end of year	67,201	183,113

Company

	2018 £	2017 £
At beginning of year	582,511	842,124
Charged to profit and loss	(2,486)	-
Charged to other comprehensive income	(171,533)	(259,613)
At end of year	408,492	582,511

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Accelerated capital allowances	(518,349)	(429,487)	-	-
Defined benefit pension scheme	422,472	594,687	422,472	594,687
Other timing differences	163,078	17,913	(13,980)	(12,176)
	67,201	183,113	408,492	582,511

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

26. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
2,537,760 Ordinary shares of £1.00 each	2,537,760	2,537,760
16,440 A Ordinary shares of £1.00 each	16,440	16,440
	<u>2,554,200</u>	<u>2,554,200</u>

All ordinary shares rank pari passu.

27. Reserves

Share premium account - represents the value above nominal value of shares issued during the group restructure.

Capital redemption reserve - represents the nominal value of shares purchased and cancelled by the company, less the proceeds received.

Profit and loss account - represents all current and prior year retained profits and losses.

28. Contingent liabilities

The Group has given a guarantee in respect of the bank loans, overdrafts and invoice discounting advances of Pexion Limited and its subsidiaries. The maximum potential liability to the company as at 31 December amounted to £16,777,750 (2017: £13,508,709).

29. Capital commitments

There were no other capital commitments within the Group as at 31 December 2018 (31 December 2017- £nil).

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

30. Pension commitments

The Company sponsors a funded defined benefit pension plan, the Pexion Group Pension and Life Assurance Scheme ("the Scheme"). The Scheme is a multi-employer scheme and the Company is responsible for the majority of the Scheme liabilities. The disclosures below are in respect of the whole Scheme.

The level of benefits provided by the Scheme depends on a member's length of service and their salary at their date of leaving the Scheme.

The last funding valuation of the Scheme was carried out by a qualified actuary as at 28 February 2015 and the next funding valuation is currently in progress as at 28 February, at which progress towards full funding will be reviewed. A contribution of £0.3m is expected to be paid by the Company to the Scheme during the year ending on 31 December 2019.

The initial results of the funding valuation at 28 February 2018 have been adjusted to the balance sheet date 31 December 2018, taking account of experience over the period since 28 February 2018, changes in market conditions and differences in the financial and demographic assumptions. The present value of the defined benefit obligation, and the related current service cost, were measured using the Projected Unit Credit Method.

Principal actuarial assumptions used to calculate the liabilities under FRS 102 are:

	2018	2017
	%	%
Discount rate	2.90	2.50
Price inflation (RPI)	3.30	3.25
Price inflation (CPI)	2.20	2.15
Pension increases (CPI inflation up to 5% p.a.)	2.20	2.15
Mortality rates		
- for a male aged 65 now	21.6	22.8
- at 65 for a male aged 45 now	23.2	24.0
- for a female aged 65 now	23.5	24.9
- at 65 for a female member aged 45 now	<u>25.3</u>	<u>27.2</u>

Cash commutation- On average members commute 40% of their pension for a cash sum at retirement.

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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The scheme assets are invested in the following asset classes:

	2018 £	2017 £
Equity	10,383,000	11,941,000
Bonds	2,694,000	2,573,000
Other	889,000	940,000
Total market value of plan assets	<u>13,966,000</u>	<u>15,454,000</u>

None of the scheme assets are invested in the company's financial instruments or in property occupied by, or other assets used by, the company.

	2018 £	2017 £
Reconciliation of funded status to balance sheet		
Fair value of scheme assets	13,966,000	15,454,000
Present value of funded Defined Benefit Obligation	(16,440,000)	(18,952,160)
Liability recognised on the balance sheet	<u>(2,474,000)</u>	<u>(3,498,160)</u>

Profit and loss and comprehensive income
The amounts recognised in profit or loss are as follows:

	2018 £	2017 £
Administrative expenses	(100,000)	(95,000)
Interest on net defined benefit liability	(85,000)	(127,000)
Past service cost	(144,000)	-
Pension expense recognised in profit and loss	<u>(329,000)</u>	<u>(222,000)</u>

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was £NIL (2017 - £NIL).

PEXION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Reconciliation of present value of plan liabilities:

	2018 £	2017 £
Changes in defined benefit obligation over the year		
Opening defined benefit obligation	18,952,160	19,550,000
Interest expense on defined benefit obligation	462,000	506,000
Actuarial (gains)/losses on scheme liabilities	(2,064,160)	(204,840)
Net benefits paid out	(1,054,000)	(899,000)
Past service cost (including curtailments)	144,000	-
Closing defined benefit obligation	<u>16,440,000</u>	<u>18,952,160</u>

Changes to fair value of the Scheme assets during the year:

	2018 £	2017 £
Opening fair value of scheme assets	15,454,000	14,606,000
Interest income on Scheme assets	377,000	379,000
Administration costs incurred	(100,000)	(95,000)
Actuarial (losses)/gains on scheme assets	(1,055,145)	1,179,000
Contributions by the employer	344,145	284,000
Net benefits paid out	(1,054,000)	(899,000)
Closing fair value of scheme assets	<u>13,966,000</u>	<u>15,454,000</u>

	2018 £	2017 £
Actual return on Scheme assets		
Interest income on Scheme assets	377,000	379,000
Gain / (loss) on Scheme assets	(1,055,000)	1,179,000
Actual return on Scheme assets	<u>(678,000)</u>	<u>1,558,000</u>

Defined contribution schemes

During the year, the group also operated a Group Personal Pension Plan, the assets of which are held in independently administered funds.

PEXION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

31. Commitments under operating leases

At 31 December 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	Group 2017 £
Not later than 1 year	529,607	296,943
Later than 1 year and not later than 5 years	1,242,094	767,099
Later than 5 years	401,750	360,000
	<u>2,173,451</u>	<u>1,424,042</u>

32. Related party transactions

The group has taken the exemption under FRS 102 not to disclose transactions with group companies.

33. Controlling party

The ultimate controlling parties of the Company are the shareholders.