

**Shorts Industries Limited**

**Directors' report and financial  
statements**

**Registered number 01670669**

**31 December 2018**



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## Directors' report

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

The directors have taken advantage of the small companies exemption in preparing the directors' report and in not preparing a strategic report.

### Principal activities

The principal activity of the company is the sale of lifts and lift components.

### Business review

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

### Proposed dividend

The directors do not recommend the payment of a dividend. Other distributions in the year comprise £1,297,000 (2017: £1,225,000) to group undertakings.

### Directors

The directors who held office during the year and up to the date of signing this report were as follows:

JDR Fothergill  
P Welsby  
D Cragg

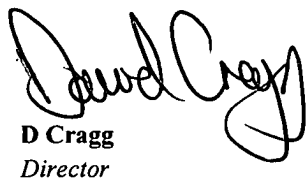
### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



**D Cragg**  
Director

6 Station Road  
Bradford  
West Yorkshire  
BD1 4SF

5th September 2019

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG LLP

Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX  
United Kingdom

### **Independent auditor's report to the members of Shorts Industries Limited**

#### **Opinion**

We have audited the financial statements of Shorts Industries Limited ("the company") for the year ended 31 December 2018 which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

#### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

## **Independent auditor's report to the members of Shorts Industries Limited** *(continued)*

### **Going concern** *(continued)*

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in the report for the financial year is consistent with the financial statements; and
- in our opinion the report has been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Independent auditor's report to the members of Shorts Industries Limited** (continued)

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**David Mitchell (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX

24 September 2019

**Profit and loss account and other comprehensive income**  
*for the year ended 31 December 2018*

	<i>Note</i>	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>8,366</b>	<b>7,723</b>
Cost of sales		(5,099)	(4,723)
<b>Gross profit</b>		<b>3,267</b>	<b>3,000</b>
Administrative expenses		(1,638)	(1,467)
<b>Operating profit</b>		<b>1,629</b>	<b>1,533</b>
Other interest receivable and similar income	<b>6</b>	<b>18</b>	<b>14</b>
Interest payable and similar expenses	<b>7</b>	<b>-</b>	<b>(4)</b>
<b>Profit before taxation</b>		<b>1,647</b>	<b>1,543</b>
Tax on profit	<b>8</b>	<b>(315)</b>	<b>(300)</b>
<b>Profit for the financial year</b>		<b>1,332</b>	<b>1,243</b>

The company had no other comprehensive income during the current or preceding financial year.



**Balance sheet**  
*at 31 December 2018*

	<i>Note</i>	<b>2018</b> <b>£000</b>	<b>£000</b>	<b>2017</b> <b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Tangible assets	9		162		181
Investments	10		-		-
			<hr/>		<hr/>
			162		181
<b>Current assets</b>					
Stocks	11	845		861	
Debtors	12	8,001		6,232	
Cash at bank and in hand		688		1,032	
		<hr/>		<hr/>	
<b>Creditors: amounts falling due within one year</b>	13	9,534 (7,628)		8,125 (6,273)	
		<hr/>		<hr/>	
<b>Net current assets</b>			1,906		1,852
			<hr/>		<hr/>
<b>Net assets</b>			2,068		2,033
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	15	100		100	
Other reserves		140		140	
Profit and loss account		1,828		1,793	
		<hr/>		<hr/>	
<b>Shareholders' funds</b>			2,068		2,033
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 5th September 2019 and were signed on its behalf by:

  
**D Cragg**  
Director

Company registered number: 01670669

## Statement of changes in equity

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2017	100	140	1,775	2,015
<b>Total comprehensive income for the period</b>				
Profit	-	-	1,243	1,243
Total comprehensive income for the period	-	-	1,243	1,243
<b>Transactions with owners, recorded directly in equity</b>				
Distributions	-	-	(1,225)	(1,225)
Total contributions by and distributions to owners	-	-	(1,225)	(1,225)
<b>Balance at 31 December 2017</b>	<b>100</b>	<b>140</b>	<b>1,793</b>	<b>2,033</b>
Balance at 1 January 2018	100	140	1,793	2,033
<b>Total comprehensive income for the period</b>				
Profit	-	-	1,332	1,332
Total comprehensive income for the period	-	-	1,332	1,332
<b>Transactions with owners, recorded directly in equity</b>				
Distributions	-	-	(1,297)	(1,297)
Total contributions by and distributions to owners	-	-	(1,297)	(1,297)
<b>Balance at 31 December 2018</b>	<b>100</b>	<b>140</b>	<b>1,828</b>	<b>2,068</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

#### *Basis of preparation*

Shorts Industries Limited (the "company") is a company limited by shares and incorporated, domiciled and registered in the UK.

The company is exempt by virtue of s400 of the Companies Act 2020 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Separate financial instruments – carrying amount of the company's cost of investment in subsidiaries is its deemed cost at 1 January 2014.

The company's ultimate parent undertaking, Kiplun Limited includes the company in its consolidated financial statements. The consolidated financial statements of Kiplun Limited are prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") and are available to the public and may be obtained from Cleveland House, Norton Road, Stockton-on-Tees, Cleveland, TS20 2AQ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Kiplun Limited include the equivalent disclosures, the company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 19.

#### *Measurement convention*

The financial statements are prepared on the historical cost basis.

#### *Going concern*

As the company is subject to cross guaranteed banking arrangements with other Group undertakings going concern is intrinsically linked with the overall Group position. Detailed information regarding the financial position of the Group headed by Kiplun Limited, its cash flows, liquidity position and borrowing facilities are included in the Group financial statements of Kiplun Limited, which can be obtained from Companies House. The following analysis considers the position of the Group as a whole.

The Group meets its day-to-day working capital requirements through operating cash flows, overdraft and bank loan facilities. The Group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Group is expected to have a sufficient level of financial resources available through facilities agreed and expected to be agreed when these fall due for renewal.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Going concern (continued)*

The Group's bank overdraft is a rolling facility which is due for review in late 2020 when the directors anticipate that this will continue under the same terms. At the year end the Group's overdraft was £7.6m and the Group also had cash at bank of £5.0m and bank term loans of £0.4m.

After considering the above issues in detail, the directors consider and have concluded that the company will have adequate resources to continue in operational existence for the foreseeable future. For these reasons they continue to adopt a going concern basis in the preparation of the financial statements.

#### *Foreign currency*

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### *Classification of financial instruments issued by the company*

In accordance with FRS 102.22, financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### *Basic financial instruments*

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Investments in subsidiaries*

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

##### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets are impaired.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Tangible fixed assets (continued)*

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Freehold buildings 30 years
- Fixtures and fittings 4 - 5 years
- Motor vehicles 4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### *Stocks*

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

#### *Impairment excluding stocks and deferred tax assets*

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Employee benefits*

##### *Group plans*

The company's employees are members of a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan and the net defined benefit liability are recognised fully by the company which is legally responsible for the plan, which is Pickerings Europe Limited, another member of the group. The company then recognises a cost equal to its contribution payable for the period.

##### *Turnover*

Turnover represents the amounts receivable in the ordinary course of business from the provision of goods and services to customers. Turnover is measured at the fair value of the right to consideration net of sales related rebates, discounts and value added tax.

The company recognises revenue at the point of despatch of goods or where applicable completion of installation. Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

#### *Expenses*

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

## Notes (continued)

### 1 Accounting policies (continued)

#### Taxation (continued)

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

### 2 Turnover

All turnover derives from the principal activity in the UK.

### 3 Expenses and auditor's remuneration

	2018 £000	2017 £000
<i>Included in the profit are the following:</i>		
Impairment loss on inventories	8	21
Depreciation of tangible fixed assets	40	35
Operating lease expenses	86	62
	<u>2018</u>	<u>2017</u>
	£000	£000
<i>Auditor's remuneration:</i>		
Audit of these financial statements	8	8
	<u>8</u>	<u>8</u>

Amounts receivable by the company's auditor in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the company's ultimate parent company, Kiplun Limited.

### 4 Staff numbers and costs

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

	Number of employees 2018	2017
Directors	3	3
Administration	31	26
	<u>34</u>	<u>29</u>

The aggregate payroll costs of these persons were as follows:

	2018 £000	2017 £000
Wages and salaries	1,140	1,009
Social security costs	117	94
Contributions to defined contribution plans (note 18)	30	24
	<u>1,287</u>	<u>1,127</u>

## Notes (continued)

### 5 Directors' remuneration

	2018 £000	2017 £000
Directors' remuneration	206	199
Company contributions to defined contribution pension plans	7	7
	<u>213</u>	<u>206</u>

The aggregate of remuneration of the highest paid director was £148,000 (2017: £140,000) and company contributions of £4,000 (2017: £4,000) were made to defined contributions plans on his behalf. He is also a member of a defined benefit scheme, under which his accrued pension at the year end was £17,000 (2017: £16,000).

	Number of directors 2018	2017
Retirement benefits are accruing to the following number of directors under		
Defined contribution schemes	2	2
Defined benefit schemes	3	3

### 6 Other interest receivable and similar income

	2018 £000	2017 £000
Interest receivable on financial assets at amortised cost	9	14
Net foreign exchange gain	9	-
	<u>18</u>	<u>14</u>

### 7 Interest payable and similar expenses

	2018 £000	2017 £000
Interest expense on financial liabilities at amortised cost	-	1
Net foreign exchange loss	-	3
	<u>-</u>	<u>4</u>

### 8 Taxation

*Total tax expense recognised in the profit and loss account*

	2018 £000	2017 £000
<i>Current tax – group relief</i>		
Consideration payable for group relief received	310	295
<i>Deferred tax (note 14)</i>		
Origination and reversal of timing differences	5	5
	<u>315</u>	<u>300</u>



## Notes (continued)

### 8 Taxation (continued)

#### Reconciliation of effective tax rate

	2018 £000	2017 £000
Profit for the year	1,332	1,243
Total tax expense	315	300
	<hr/>	<hr/>
Profit excluding taxation	1,647	1,543
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19% (2017: 19.25%)	313	297
Non-deductible expenses	2	4
Effect of decreased tax rate	-	(1)
	<hr/>	<hr/>
Total tax expense included in profit or loss	315	300
	<hr/>	<hr/>

#### Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

The deferred tax asset at 31 December 2018 has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

The company has received UK corporation tax losses from group undertakings. The amount of tax saved for the company has been reflected in the tax charge and the remainder of the consideration payable for this group relief has been classed as distributions to fellow group undertakings.

### 9 Tangible fixed assets

	Freehold buildings £000	Fixtures and fittings £000	Total £000
<b>Cost</b>			
At beginning of year	375	248	623
Additions	-	21	21
	<hr/>	<hr/>	<hr/>
At end of year	375	269	644
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At beginning of year	250	192	442
Charge for year	13	27	40
	<hr/>	<hr/>	<hr/>
At end of year	263	219	482
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 1 January 2018	125	56	181
	<hr/>	<hr/>	<hr/>
At 31 December 2018	112	50	162
	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 10 Fixed asset investments

	Shares in subsidiary undertakings £000
<i>Cost and net book value</i>	
At beginning and end of year	-

The company has the following investments in dormant subsidiaries:

	Aggregate of capital and reserves £000	Profit or loss for the year £000	Registered office address	Class of shares held	Ownership %
Shorts (Lifts) Limited	-	-	6 Station Road Bradford BD1 4SF	Ordinary	100
Shorts Environmental Limited	-	-	6 Station Road Bradford BD1 4SF	Ordinary	100

### 11 Stocks

	2018 £000	2017 £000
Finished goods	845	861

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £4,933,000 (2017: £4,557,000). The write down of stock to net realisable value amounted to £8,000 (2017: £21,000).

### 12 Debtors

	2018 £000	2017 £000
Trade debtors	1,265	1,254
Amounts owed by group undertakings	6,584	4,929
Other debtors	110	4
Deferred tax assets (note 14)	16	21
Prepayments and accrued income	26	24
	<b>8,001</b>	<b>6,232</b>

The company, together with its parent and fellow subsidiary undertakings has entered into a composite banking arrangement to secure group interest and banking facilities (see note 17). These facilities are secured against certain assets across various companies within the group, including a fixed charge against all the company's property, plant and equipment, stock and book debts, together with a floating charge against all other debtors of the company.

## Notes (continued)

### 13 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	663	760
Amounts owed to group undertakings	6,300	5,091
Other taxation and social security	351	297
Accruals and deferred income	314	125
	<u>7,628</u>	<u>6,273</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

### 14 Deferred tax assets and liabilities

The movement in deferred tax in the year is included in note 8.

The elements of deferred taxation are as follows:

	Assets 2018 £000	2017 £000	Liabilities 2018 £000	2017 £000	Net 2018 £000	2017 £000
Accelerated capital allowances	15	18	-	-	15	18
Other	1	3	-	-	1	3
	<u>16</u>	<u>21</u>	<u>-</u>	<u>-</u>	<u>16</u>	<u>21</u>
Tax asset	16	21	-	-	16	21

### 15 Capital and reserves

	2018 £000	2017 £000
<i>Allotted, called up and fully paid</i>		
100,000 Ordinary shares of £1 each	100	100

### 16 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018 £000	2017 £000
Less than one year	34	24
Between one and five years	22	22
	<u>56</u>	<u>46</u>

During the year £86,000 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £62,000).

### 17 Contingent liabilities

The company, together with its parent and fellow subsidiary undertakings has entered into a composite banking arrangement to secure group interest and banking facilities. As part of this arrangement a cross guarantee was given to the bank by the company. At the year end aggregate group borrowings guaranteed by the company amounted to £8,040,000 (2017: £8,189,000). These facilities are secured against certain individual assets across various companies within the group.

## Notes (continued)

### 18 Employee benefits

The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £30,000 (2017: £24,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

### 19 Accounting estimates and judgements

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty arise from:

#### *Tangible fixed assets – estimated useful lives*

Depreciation charges require the entity to estimate the useful economic lives of each part of tangible fixed assets. The depreciation method and useful lives are estimated based on the pattern by which the entity expects to consume an assets future economic benefits and are reviewed where there is an indication of significant change.

#### *Impairment of stock*

Determining whether stock is impaired requires an estimation of the selling price less costs to complete and sell. In determining the selling price less costs to complete and sell, the directors have taken into consideration historical sales transactions and their future intentions for the entity in terms of activity. The carrying amount of stock at the balance sheet date was £845,000. Impairment losses of £8,000 have been recognised during 2018.

### 20 Capital commitments

At the year end the company had the following capital commitments:

	2018 £000	2017 £000
Contracts for future capital expenditure not provided in the financial statements - property	1,025	-

### 21 Ultimate parent company and parent company of larger group

The company is a subsidiary undertaking of Kiplun Europe BV, Paasheuvelweg 16, Amsterdam Zuidoost, 1105BH. The ultimate parent company is Kiplun Limited, Cleveland House, Norton Road, Stockton-on-Tees, Cleveland, TS20 2AQ. The ultimate controlling party is JDR Fothergill M.A., M.B.A., Chairman and Managing Director of Kiplun Limited.

The only group in which the results of the company are consolidated is that headed by Kiplun Limited. The consolidated financial statements of this group are available to the public and may be obtained from Cleveland House, Norton Road, Stockton-on-Tees, Cleveland, TS20 2AQ.