

PES Group Limited
(Formerly Maintest Engineering Limited)

Annual Report and Financial Statements

For the year ended 31 August 2017

PES Group Limited
(Formerly Maintest Engineering Limited)
Company Information

Directors	K. McDermot J. McConachie P. King
Secretary	K. McDermot
Company number	02842153
Registered office	The Shipping Building The Old Vinyl Factory Blyth Road Hayes London UB3 1HA
Auditors	Kingston Smith LLP The Shipping Building The Old Vinyl Factory Blyth Road Hayes London UB3 1HA
Bankers	Danske Bank Ltd 39 Mallusk Road Newtownabbey County Antrim BT36 4PP
Solicitors	Sherrards Solicitors LLP 45 Grosvenor Road St Albans Hertfordshire AL1 3AW

PES Group Limited
(Formerly Maintest Engineering Limited)
Contents

	Page
Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditors' report	4 - 6
Profit and loss account	7
Balance sheet	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 26

PES Group Limited
(Formerly Maintest Engineering Limited)
Strategic Report

For the year ended 31 August 2017

The directors present the strategic report and financial statements for the year ended 31 August 2017.

Fair review of the business

The directors consider that the results for the year are satisfactory and that the company will continue to trade profitably for the foreseeable future.

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being revenue, gross margin and net assets.

Pleasingly our turnover increased despite increasing competition in our market segment.

Over 25 years we have built a reputation as a technical specialist distributor of market leading manufacturers and the company has 5 established strategically located divisions.

The company continues to invest in its e-platform and digital shop window along with IT infrastructure and security.

Principal risks and uncertainties

The business environment in which the company operates continues to be challenging with increased competition from domestic suppliers and large international distributors entering the market.

The company is subject to exchange rate movements although these did not have a considerable impact on turnover or gross margin.

Other information and explanations

Future Developments

The company is looking at operational efficiencies and upgrading IT infrastructure.

By order of the board

K. McDermot
Secretary
21 March 2018

PES Group Limited
(Formerly Maintest Engineering Limited)
Directors' Report

For the year ended 31 August 2017

The directors present their annual report and financial statements for the year ended 31 August 2017.

Principal activities

The principal activity of the company continued to be that of the supply of industrial control and automation components.

Directors

The directors who served the company during the year together with their interests (including family interests) in the shares of the company at the beginning and end of the year, were as follows:

K. McDermot
J. McConachie
P. King

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £800,000. The directors do not recommend payment of a final dividend.

Future developments

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report in respect of future developments.

Auditors

The auditors, Kingston Smith LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board

K. McDermot
Secretary
21 March 2018

PES Group Limited
(Formerly Maintest Engineering Limited)
Directors' Responsibilities Statement
For the year ended 31 August 2017

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PES Group Limited
(Formerly Maintest Engineering Limited)
Independent Auditors' Report

To the Members of PES Group Limited

Opinion

We have audited the financial statements of PES Group Limited for the year ended 31 August 2017 which comprise the Profit And Loss Account, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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 financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

PES Group Limited
(Formerly Maintest Engineering Limited)
Independent Auditors' Report (Continued)

To the Members of PES Group Limited

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 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 strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

PES Group Limited
(Formerly Maintest Engineering Limited)
Independent Auditors' Report (Continued)
To the Members of PES Group Limited

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Mahmood Ramji (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP

29 March 2018

Chartered Accountants
Statutory Auditor

The Shipping Building
The Old Vinyl Factory
Blyth Road
London
UB3 1HA

PES Group Limited
(Formerly Maintest Engineering Limited)
Profit and Loss Account
For the year ended 31 August 2017

	Notes	2017 £	2016 £
Turnover	3	15,970,235	14,859,335
Cost of sales		(12,163,798)	(11,236,431)
Gross profit		3,806,437	3,622,904
Administrative expenses		(2,558,792)	(2,469,072)
Other operating income		112,897	96,939
Operating profit	4	1,360,542	1,250,771
Interest payable and similar charges	7	(38,482)	(39,169)
Profit before taxation		1,322,060	1,211,602
Taxation	8	(260,251)	(238,343)
Profit for the financial year		1,061,809	973,259
Total comprehensive income for the year		1,061,809	973,259

The profit and loss account has been prepared on the basis that all operations are continuing operations.

PES Group Limited
(Formerly Maintest Engineering Limited)
Balance Sheet

As at 31 August 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	10	119,145		150,021	
Investments	11	10,000		10,000	
		<u>129,145</u>		<u>160,021</u>	
Current assets					
Stocks	13	1,719,383		1,761,918	
Debtors	14	3,934,663		3,690,915	
Cash at bank and in hand		1,586,707		1,086,861	
		<u>7,240,753</u>		<u>6,539,694</u>	
Creditors: amounts falling due within one year	15	<u>(3,795,674)</u>		<u>(3,396,846)</u>	
Net current assets		<u>3,445,079</u>		<u>3,142,848</u>	
Total assets less current liabilities		<u>3,574,224</u>		<u>3,302,869</u>	
Provisions for liabilities	16	<u>(449,985)</u>		<u>(440,439)</u>	
Net assets		<u><u>3,124,239</u></u>		<u><u>2,862,430</u></u>	
Capital and reserves					
Called up share capital	18	2,222		2,222	
Profit and loss reserves		<u>3,122,017</u>		<u>2,860,208</u>	
Total equity		<u><u>3,124,239</u></u>		<u><u>2,862,430</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 21 March 2018 and are signed on its behalf by:

K. McDermot
Director

J. McConachie
Director

Company Registration No. 02842153

PES Group Limited
(Formerly Maintest Engineering Limited)
Statement of Changes in Equity
For the year ended 31 August 2017

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 September 2015		2,222	3,086,949	3,089,171
Period ended 31 August 2016:				
Profit and total comprehensive income for the year		-	973,259	973,259
Dividends	9	-	(1,200,000)	(1,200,000)
Balance at 31 August 2016		2,222	2,860,208	2,862,430
Period ended 31 August 2017:				
Profit and total comprehensive income for the year		-	1,061,809	1,061,809
Dividends	9	-	(800,000)	(800,000)
Balance at 31 August 2017		2,222	3,122,017	3,124,239

PES Group Limited
(Formerly Maintest Engineering Limited)
Statement of Cash Flows

For the year ended 31 August 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	24	1,623,366		1,924,553	
Interest paid		(38,482)		(39,169)	
Income taxes paid		(243,234)		(309,937)	
Net cash inflow from operating activities		1,341,650		1,575,447	
Investing activities					
Purchase of tangible fixed assets		(48,004)		(105,684)	
Proceeds on disposal of tangible fixed assets		6,200		15,887	
Net cash used in investing activities		(41,804)		(89,797)	
Financing activities					
Dividends paid		(800,000)		(1,200,000)	
Net cash used in financing activities		(800,000)		(1,200,000)	
Net increase in cash and cash equivalents		499,846		285,650	
Cash and cash equivalents at beginning of year		1,086,861		801,211	
Cash and cash equivalents at end of year		1,586,707		1,086,861	

PES Group Limited
(Formerly Maintest Engineering Limited)

Notes to the Financial Statements

For the year ended 31 August 2017

1 Accounting policies

Company information

PES Group Limited is a company limited by shares incorporated in England and Wales. The registered office is The Shipping Building, The Old Vinyl Factory, Blyth Road, Hayes, London, UB3 1HA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable in respect of sales of electrical components and technical support provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	25% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

PES Group Limited
(Formerly Maintest Engineering Limited)
Notes to the Financial Statements (Continued)
For the year ended 31 August 2017

1 Accounting policies

(Continued)

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined on a weighted average basis and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Provision is made for slow moving stock on a line by line basis.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

PES Group Limited
(Formerly Maintest Engineering Limited)
Notes to the Financial Statements (Continued)
For the year ended 31 August 2017

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

PES Group Limited
(Formerly Maintest Engineering Limited)
Notes to the Financial Statements (Continued)

For the year ended 31 August 2017

1 Accounting policies

(Continued)

1.10 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

The company makes contributions to a money purchase scheme, the assets of the scheme being held separately from the assets of the company. The pension cost charge represents contributions payable to the scheme.

1.13 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.15 Invoice discounting

The company uses invoice discounting services. The debts are with full recourse, and the accounting treatment in accordance with FRS 102 is to present the debtors and the liability to the finance house separately.

PES Group Limited
(Formerly Maintest Engineering Limited)
Notes to the Financial Statements (Continued)
For the year ended 31 August 2017

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock provision

Provision is made for slow moving stock on a line by line basis.

Bad debt provision

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of the debtors and associated impairment provision.

Onerous lease

Provision have been made for an onerous lease. The provision is an estimate based on expected income over the life of the lease and the actual costs and timing of future cash flows are dependent on future events. The difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £	2016 £
Turnover		
Sales	15,970,235	14,859,335
	<u> </u>	<u> </u>

PES Group Limited
(Formerly Maintest Engineering Limited)
Notes to the Financial Statements (Continued)
For the year ended 31 August 2017

3 Turnover and other revenue (Continued)

Turnover analysed by geographical market

	2017	2016
	£	£
UK	15,323,112	14,484,934
Europe	341,095	216,391
Asia	216,465	58,128
Africa	87,716	99,682
Rest of the world	1,847	200
	<u>15,970,235</u>	<u>14,859,335</u>

4 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	(8,536)	(8,914)
Fees payable to the company's auditors for the audit of the company's financial statements	17,320	18,050
Depreciation of owned tangible fixed assets	78,880	67,922
Profit on disposal of tangible fixed assets	(6,200)	(6,741)
Cost of stocks recognised as an expense	12,163,798	11,236,431
Operating lease charges	284,540	325,479
	<u>12,249,302</u>	<u>11,636,237</u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017	2016
	Number	Number
Administration and Sales	<u>43</u>	<u>42</u>

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	1,444,523	1,384,936
Social security costs	152,206	143,758
Pension costs	103,008	105,231
	<u>1,699,737</u>	<u>1,633,925</u>

PES Group Limited
(Formerly Maintest Engineering Limited)
Notes to the Financial Statements (Continued)
For the year ended 31 August 2017

6 Directors' remuneration

	2017	2016
	£	£
Remuneration for qualifying services	271,740	248,960
Company pension contributions to defined contribution schemes	27,002	28,583
	<u>298,742</u>	<u>277,543</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016: 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	176,468	166,210
Company pension contributions to defined contribution schemes	380	342
	<u>176,848</u>	<u>166,552</u>

7 Interest payable and similar charges

	2017	2016
	£	£
Interest on financial liabilities measured at amortised cost:		
Other interest	38,482	39,169
	<u>38,482</u>	<u>39,169</u>

8 Taxation

	2017	2016
	£	£
Current tax		
UK corporation tax on profits for the current period	250,000	243,234
	<u>250,000</u>	<u>243,234</u>
Deferred tax		
Origination and reversal of timing differences	10,251	(4,891)
	<u>10,251</u>	<u>(4,891)</u>
Total tax charge	<u>260,251</u>	<u>238,343</u>

PES Group Limited
(Formerly Maintest Engineering Limited)
Notes to the Financial Statements (Continued)
For the year ended 31 August 2017

8 Taxation

(Continued)

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2017	2016
	£	£
Profit before taxation	1,322,060	1,211,602
	<u> </u>	<u> </u>
<i>Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%)</i>	251,191	242,320
Tax effect of expenses that are not deductible in determining taxable profit	830	2,265
Effect of change in corporation tax rate	7,738	-
Under/(over) provided in the year	492	(6,242)
	<u> </u>	<u> </u>
Tax charge for the year	260,251	238,343
	<u> </u>	<u> </u>

9 Dividends

	2017	2016
	£	£
Interim paid	800,000	1,200,000
	<u> </u>	<u> </u>
	800,000	1,200,000
	<u> </u>	<u> </u>

PES Group Limited
(Formerly Maintest Engineering Limited)
Notes to the Financial Statements (Continued)
For the year ended 31 August 2017

10 Tangible fixed assets

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost			
At 1 September 2016	341,761	309,273	651,034
Additions	1,184	46,820	48,004
Disposals	(8,635)	(35,495)	(44,130)
At 31 August 2017	334,310	320,598	654,908
Depreciation and impairment			
At 1 September 2016	323,545	177,468	501,013
Depreciation charged in the year	9,044	69,836	78,880
Eliminated in respect of disposals	(8,635)	(35,495)	(44,130)
At 31 August 2017	323,954	211,809	535,763
Carrying amount			
At 31 August 2017	10,356	108,789	119,145
At 31 August 2016	18,216	131,805	150,021

11 Fixed asset investments

	2017 £	2016 £
Investments in associates	10,000	10,000

Movements in fixed asset investments

	Shares in group undertakings and participating interests £
Cost or valuation	
At 1 September 2016 & 31 August 2017	10,000
Carrying amount	
At 31 August 2017	10,000
At 31 August 2016	10,000

PES Group Limited
(Formerly Maintest Engineering Limited)
Notes to the Financial Statements (Continued)
For the year ended 31 August 2017

12 Financial instruments

	2017	2016
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3,717,748	3,485,810
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	3,267,250	2,938,024
	<u> </u>	<u> </u>

13 Stocks

	2017	2016
	£	£
Finished goods and goods for resale	1,719,383	1,761,918
	<u> </u>	<u> </u>

14 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	3,717,748	3,485,810
Prepayments and accrued income	216,915	198,371
	<u> </u>	<u> </u>
	3,934,663	3,684,181
Deferred tax asset (note 19)	-	6,734
	<u> </u>	<u> </u>
	<u>3,934,663</u>	<u>3,690,915</u>

Trade debtors disclosed above are measured at amortised cost. Trade debtors are stated after provisions for impairment of £80,776 (2016: £57,011).

15 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	2,258,841	2,257,174
Corporation tax	250,000	243,234
Other taxation and social security	278,424	215,588
Other creditors	400,000	113,250
Accruals and deferred income	608,409	567,600
	<u> </u>	<u> </u>
	<u>3,795,674</u>	<u>3,396,846</u>

PES Group Limited
(Formerly Maintest Engineering Limited)
Notes to the Financial Statements (Continued)
For the year ended 31 August 2017

16 Provisions for liabilities

	Onerous Lease £	Dilapidations £	Total £
At September 2016	374,439	66,000	440,439
Additional provision	-	31,925	31,925
Utilisation of provision	(64,378)		(64,378)
Unwinding of discount	38,482	-	38,482
	<u>348,543</u>	<u>97,925</u>	<u>446,468</u>
At 31 August 2017			
			<u>449,985</u>
Deferred tax (See note 19)			3,517
At 31 August 2017			<u>449,985</u>

17 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £103,008 (2016: £105,231).

Included within accruals at the year end are £32,873 (2016: £96,566) of unpaid contributions.

18 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
2,222 Ordinary shares of £1 each	2,222	2,222

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 £	Liabilities 2016 £	Assets 2017 £	Assets 2016 £
Balances:				
Accelerated capital allowances	9,763	-	-	(12,577)
Retirement benefit obligations	(6,246)	-	-	19,311
	<u>3,517</u>	<u>-</u>	<u>-</u>	<u>6,734</u>

PES Group Limited
(Formerly Maintest Engineering Limited)
Notes to the Financial Statements (Continued)
For the year ended 31 August 2017

19 Deferred taxation **(Continued)**

	2017
Movements in the year:	£
Liability/(Asset) at 1 September 2016	(6,734)
Charge to profit or loss	10,251
	<hr/>
Liability at 31 August 2017	3,517
	<hr/>

The deferred tax asset set out above is expected to reverse within 12 months and relates to retirement benefit timing differences. The timing of the reversal of the deferred tax liability relating to accelerated capital allowances is uncertain but is expected to be more than a year.

20 Financial commitments, guarantees and contingent liabilities

The company's bankers have given a guarantee of £55,000 to H M Revenue & Customs on behalf of the company. They have also provided a letter of credit in favour of Toshiba Industrial Products Sales Corporation for £200,000.

PES Group Limited
(Formerly Maintest Engineering Limited)
Notes to the Financial Statements (Continued)

For the year ended 31 August 2017

21 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain of its properties. Rentals are fixed for an average of 5.3 years.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017	2016
	£	£
Within one year	275,578	291,852
Between two and five years	771,748	854,389
In over five years	547,530	740,467
	<u>1,594,856</u>	<u>1,886,708</u>

Lessor

The company has two leased properties which are being sub-let. Rental income relating to the properties during the year was £100,085 (2016: 95,695). The average lease term for the properties is 4 years. The lessees do not have an option to purchase the property at the expiry of the lease period.

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2017	2016
	£	£
Within one year	87,872	87,872
Between two and five years	236,905	273,905
In over five years	-	49,872
	<u>324,777</u>	<u>411,649</u>

PES Group Limited
(Formerly Maintest Engineering Limited)
Notes to the Financial Statements (Continued)
For the year ended 31 August 2017

22 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are the directors, is as follows.

	2017	2016
	£	£
Aggregate compensation	298,742	277,543
	<u> </u>	<u> </u>

No guarantees have been given or received.

PES Group Limited
(Formerly Maintest Engineering Limited)
Notes to the Financial Statements (Continued)

For the year ended 31 August 2017

22 Related party transactions

(Continued)

Directors transactions

At the year end, the company owed the directors £220,000 (2016: £90,000).

Westbank Business Park Limited

Westbank Business Park Limited is a company which holds 45% of the share capital of PES Group Limited (Formerly Maintest Engineering Limited) and in which J. McConachie has a 100% interest.

During the year, dividends of £360,000 (2016: £540,000) were paid to Westbank Business Park Limited.

Park - QED Limited

PES Group Limited (Formerly Maintest Engineering Limited) holds a 25% shareholding in Park - QED Limited.

During the year, the company purchased goods amounting to £3,568 (2016: £9,118) from Park - QED Limited. The company also made sales, on commercial terms, to Park - QED Limited amounting to £7,819 (2016: £16,032).

At the year end, there is an amount owed by Park - QED Limited of £291 (2016: £3,917) included within trade debtors, and an amount owed to Park - QED Limited of £2,988 (2016: £605) included within trade creditors.

ParkElect Limited

During the year, the company purchased goods amounting to £85,734 (2016: £424,724) from ParkElect Limited, a company in which the director J. McConachie has a 100% interest. The company also made sales, on commercial terms, to ParkElect Limited amounting to £64,332 (2016: £53,018).

At the year end, there is an amount owed by ParkElect Limited of £8,848 (2016: £6,476) included in trade debtors, and an amount owed to ParkElect Limited of £4,755 (2016: £9,844) included within trade creditors.

Elsteel UK Limited

During the year, the company purchased goods amounting to £233,351 (2016: £202,930) from Elsteel UK Limited, a company in which the director J. McConachie has a controlling interest. The company also made sales, on commercial terms, to Elsteel UK Limited amounting to £nil (2016: £55,623).

At the year end the company owed Elsteel UK Limited £37,836 (2016: £78,480) included in trade creditors, and was due £nil (2016: £55,767) included within trade debtors.

M.E.L. Property

The directors J. McConachie and K. McDermot are equal partners in M.E.L. Property. PES Group Limited (Formerly Maintest Engineering Limited) rent properties from the partnership. During the year, M.E.L. Property charged the company rent, at commercial rates, amounting to £222,807 (2016: £251,307).

At the year end, the company owed M.E.L. Property £378,955 (2016: £352,148).

MCC Controls Limited

The director J. McConachie has an effective 100% interest in MCC Controls Limited. During the year the company purchased goods amounting to £29,569 (2016: £101) from MCC Controls Limited.

At the year end the company owed MCC Controls Limited £nil (2016: £114).

PES Group Limited
(Formerly Maintest Engineering Limited)
Notes to the Financial Statements (Continued)
For the year ended 31 August 2017

23 Directors' transactions

Dividends totalling £440,000 (2016: £660,000) were paid in the year in respect of shares held by the company's directors.

24 Cash generated from operations

	2017	2016
	£	£
Profit for the year after tax	1,061,809	973,259
Adjustments for:		
Taxation charged	260,251	238,343
Finance costs	38,482	39,169
Operating profit	(1,360,542)	(1,250,771)
Gain on disposal of tangible fixed assets	(6,200)	(6,741)
Depreciation and impairment of tangible fixed assets	78,880	67,922
Increase in provisions	6,029	33,260
Movements in working capital:		
Decrease in stocks	42,535	45,795
(Increase)/decrease in debtors	(250,482)	522,207
Increase in creditors	392,062	11,339
Cash generated from operations	1,623,366	1,924,553

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