

Rubberatkins Limited
Financial Statements
30 September 2016



WILLIAMSON & DUNN
Chartered accountant & statutory auditor
3 West Craibstone Street
Bon Accord Square
Aberdeen
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Rubberatkins Limited

Financial Statements

Year ended 30 September 2016

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Rubberatkins Limited

Strategic Report

Year ended 30 September 2016

Review of business

The principal activity of the group during the year was the manufacture and dealing in rubber and polyurethane goods and products.

The group's performance has fallen in the year to 30 September 2016, with profits after taxation and minority interests falling to £44,417, (2015 - £1,071,157). Particulars of dividends paid are detailed in note 14 to the financial statements.

The group has continued to focus on R & D and is committed to ongoing expenditure in this area both to improve existing products and develop others where the opportunity arises, both in the UK and overseas.

Principal risks and uncertainties

To assist in the monitoring and control of the principal risks and uncertainties faced by the group it holds or issues financial instruments in order to achieve three main objectives, being:

(a) to finance operations.

(b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance.

(c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the group's operations.

Details of the group's financial risk management objectives and policies are included in note 25 to the accounts.

Apart from the above the directors are not aware of any major risks or uncertainties facing the group with the balance sheet at 30 September 2016 continuing to be strengthened.

Key performance indicators

The management of the group regards the following to be key performance indicators that are used in order to monitor the group's progress: Revenue growth, operating profit and margin, cash flow and net assets as detailed in the attached accounts.

These are monitored closely using monthly management accounts and regular cash and bank review meetings with planned cash flows being used to ensure adequate funds are available.

	2016 £'000	2015 £'000
Turnover	6,196	9,995
Operating profit	41	1,287
Operating profit %	0.6%	12.9%
Net assets	7,010	7,680

Rubberatkins Limited

Strategic Report *(continued)*

Year ended 30 September 2016

This report was approved by the board of directors on 21 June 2017 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to be 'N Atkins', written over a large, loopy initial 'A'.

Mr N Atkins
Director

Registered office:
Claymore Avenue
Aberdeen Science & Energy Park
Bridge of Don
Aberdeen
AB23 8GW

Rubberatkins Limited

Directors' Report

Year ended 30 September 2016

The directors present their report and the financial statements of the group for the year ended 30 September 2016.

Directors

The directors who served the company during the year were as follows:

Mr N Atkins
Ms J Webster

Dividends

Particulars of recommended dividends are detailed in note 14 to the financial statements.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, a strategic report on the groups results and activities has been included on page 2 of the Financial Statements.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 group and the company and the profit or loss of the group for that period.

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

- select suitable accounting policies 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 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.

Rubberatkins Limited

Directors' Report *(continued)*

Year ended 30 September 2016

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 21 June 2017 and signed on behalf of the board by:



Mr N Atkins
Director

Registered office:
Claymore Avenue
Aberdeen Science & Energy Park
Bridge of Don
Aberdeen
AB23 8GW

Rubberatkins Limited

Independent Auditor's Report to the Shareholders of Rubberatkins Limited

Year ended 30 September 2016

We have audited the financial statements of Rubberatkins Limited for the year ended 30 September 2016 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 30 September 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Rubberatkins Limited

Independent Auditor's Report to the Shareholders of Rubberatkins Limited *(continued)*

Year ended 30 September 2016

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

GEORGE FLETT MA CA (Senior Statutory Auditor)

For and on behalf of
Williamson & Dunn
Chartered accountant & statutory auditor
3 West Craibstone Street
Bon Accord Square
Aberdeen
AB11 6YW

21 June 2017

Rubberatkins Limited

Consolidated Statement of Comprehensive Income

Year ended 30 September 2016

	Note	2016 £	2015 £
Turnover	4	6,196,983	9,995,344
Cost of sales		(3,061,252)	(5,093,333)
Gross profit		3,135,731	4,902,011
Distribution costs		(125,131)	(179,796)
Administrative expenses		(3,456,886)	(3,653,646)
Other operating income	5	482,807	219,348
Operating profit	6	36,521	1,287,917
Other interest receivable and similar income	10	5,560	2,589
Interest payable and similar charges	11	(1,388)	(3,400)
Profit on ordinary activities before taxation		40,693	1,287,106
Tax on profit on ordinary activities	12	(2,111)	(219,772)
Profit for the financial year		38,582	1,067,334
Foreign currency retranslation		74,535	61,338
Total comprehensive income for the year		113,117	1,128,672
Profit for the financial year attributable to:			
The owners of the parent company		44,417	1,071,157
Minority interests		(5,835)	(3,823)
		38,582	1,067,334
Total comprehensive income for the year attributable to:			
The owners of the parent company		118,952	1,132,495
Minority interests		(5,835)	(3,823)
		113,117	1,128,672

All the activities of the group are from continuing operations.

The notes on pages 13 to 30 form part of these financial statements.

Rubberatkins Limited

Consolidated Statement of Financial Position *(continued)*

30 September 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	15	57,117	60,822
Tangible assets	16	<u>2,463,837</u>	<u>2,882,102</u>
		2,520,954	2,942,924
Current assets			
Stocks	18	711,832	687,358
Debtors	19	1,582,605	2,725,816
Cash at bank and in hand		<u>2,943,803</u>	<u>2,243,383</u>
		5,238,240	5,656,557
Creditors: amounts falling due within one year	20	<u>683,071</u>	<u>795,813</u>
Net current assets		4,555,169	4,860,744
Total assets less current liabilities		7,076,123	7,803,668
Creditors: amounts falling due after more than one year	21	1,420	5,712
Provisions			
Taxation including deferred tax	23	<u>64,445</u>	<u>117,815</u>
Net assets		<u>7,010,258</u>	<u>7,680,141</u>
Capital and reserves			
Called up share capital	28	30,242	30,242
Profit and loss account	29	<u>6,989,674</u>	<u>7,653,722</u>
Equity attributable to the owners of the parent company		7,019,916	7,683,964
Minority interests		(9,658)	(3,823)
		<u>7,010,258</u>	<u>7,680,141</u>

These financial statements were approved by the board of directors and authorised for issue on 21 June 2017, and are signed on behalf of the board by:



Mr N Atkins
Director

Company registration number: SC109744

The notes on pages 13 to 30 form part of these financial statements.

Rubberatkins Limited

Company Statement of Financial Position

30 September 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	15	57,117	60,822
Tangible assets	16	1,722,634	2,124,337
Investments	17	4,709	4,709
		<u>1,784,460</u>	<u>2,189,868</u>
Current assets			
Stocks	18	708,770	687,358
Debtors	19	1,588,629	2,463,668
Cash at bank and in hand		2,801,995	2,129,502
		<u>5,099,394</u>	<u>5,280,528</u>
Creditors: amounts falling due within one year	20	<u>617,833</u>	<u>669,745</u>
Net current assets		<u>4,481,561</u>	<u>4,610,783</u>
Total assets less current liabilities		<u>6,266,021</u>	<u>6,800,651</u>
Provisions			
Taxation including deferred tax	23	30,977	86,102
Net assets		<u>6,235,044</u>	<u>6,714,549</u>
Capital and reserves			
Called up share capital	28	30,242	30,242
Profit and loss account	29	6,204,802	6,684,307
Shareholders funds		<u>6,235,044</u>	<u>6,714,549</u>

These financial statements were approved by the board of directors and authorised for issue on 21 June 2017, and are signed on behalf of the board by:



Mr N Atkins
Director

Company registration number: SC109744

The notes on pages 13 to 30 form part of these financial statements.

Rubberatkins Limited

Consolidated Statement of Changes in Equity

Year ended 30 September 2016

	Called up share capital £	Profit and loss account £	Equity attributable to the owners of the parent company £	Minority interests £	Total £
At 1 October 2014	30,242	7,115,227	7,145,469	–	7,145,469
Profit for the year		1,071,157	1,071,157	(3,823)	1,067,334
Other comprehensive income for the year:					
Foreign currency retranslation	–	61,338	61,338	–	61,338
Total comprehensive income for the year	–	1,132,495	1,132,495	(3,823)	1,128,672
Dividends paid and payable 14	–	(594,000)	(594,000)	–	(594,000)
Total investments by and distributions to owners	–	(594,000)	(594,000)	–	(594,000)
At 30 September 2015	30,242	7,653,722	7,683,964	(3,823)	7,680,141
Profit for the year		44,417	44,417	(5,835)	38,582
Other comprehensive income for the year:					
Foreign currency retranslation	–	74,535	74,535	–	74,535
Total comprehensive income for the year	–	118,952	118,952	(5,835)	113,117
Dividends paid and payable 14	–	(783,000)	(783,000)	–	(783,000)
Total investments by and distributions to owners	–	(783,000)	(783,000)	–	(783,000)
At 30 September 2016	<u>30,242</u>	<u>6,989,674</u>	<u>7,019,916</u>	<u>(9,658)</u>	<u>7,010,258</u>

The notes on pages 13 to 30 form part of these financial statements.

Rubberatkins Limited

Company Statement of Changes in Equity

Year ended 30 September 2016

		Called up share capital £	Profit and loss account £	Total £
At 1 October 2014		30,242	6,232,154	6,262,396
Profit for the year			1,046,153	1,046,153
Total comprehensive income for the year		—	1,046,153	1,046,153
Dividends paid and payable	14	—	(594,000)	(594,000)
Total investments by and distributions to owners		—	(594,000)	(594,000)
At 30 September 2015		30,242	6,684,307	6,714,549
Profit for the year			303,495	303,495
Total comprehensive income for the year		—	303,495	303,495
Dividends paid and payable	14	—	(783,000)	(783,000)
Total investments by and distributions to owners		—	(783,000)	(783,000)
At 30 September 2016		<u>30,242</u>	<u>6,204,802</u>	<u>6,235,044</u>

The notes on pages 13 to 30 form part of these financial statements.

Rubberatkins Limited

Consolidated Statement of Cash Flows

Year ended 30 September 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	38,582	1,067,334
<i>Adjustments for:</i>		
Depreciation of tangible assets	499,512	523,482
Amortisation of intangible assets	17,055	12,008
Other interest receivable and similar income	(5,560)	(2,589)
Interest payable and similar charges	1,388	3,400
Tax on profit on ordinary activities	2,111	219,772
Accrued expenses	43,802	47,899
(Gain)/loss on foreign currency retranslation	74,535	61,338
<i>Changes in:</i>		
Stocks	(24,474)	(54,226)
Trade and other debtors	1,130,311	1,099,746
Trade and other creditors	(144,665)	(505,437)
Cash generated from operations	1,632,597	2,472,727
Interest paid	(1,388)	(3,400)
Interest received	5,560	2,589
Tax paid	(42,581)	(486,050)
Net cash from operating activities	<u>1,594,188</u>	<u>1,985,866</u>
Cash flows from investing activities		
Purchase of tangible assets	(81,247)	(1,057,892)
Purchase of intangible assets	(13,350)	(72,830)
Net cash used in investing activities	<u>(94,597)</u>	<u>(1,130,722)</u>
Cash flows from financing activities		
Repayments of borrowings	(10,491)	(168,648)
Repayments of hire purchase agreements	(5,680)	12,780
Dividends paid	(783,000)	(594,000)
Net cash used in financing activities	<u>(799,171)</u>	<u>(749,868)</u>
Net increase in cash and cash equivalents	700,420	105,276
Cash and cash equivalents at beginning of year	2,243,383	2,138,107
Cash and cash equivalents at end of year	<u>2,943,803</u>	<u>2,243,383</u>

The notes on pages 13 to 30 form part of these financial statements.

Rubberatkins Limited

Notes to the Financial Statements

Year ended 30 September 2016

1. General information

Rubberatkins Limited (the parent company) is a limited company incorporated in Scotland. The address of its registered office is Claymore Avenue, Bridge of Don, Aberdeen, AB23 8GW.

The principal activity of the group during the year was the manufacture and dealing in rubber and polyurethane goods and products.

These financial statements have been prepared in Pound Sterling as this is the currency of the primary economic environment in which the company operates.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

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 applicable legislation as set out in the Companies Act 2006 and Schedule 1 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

These financial statements have been prepared under the historical cost convention.

Going concern

These financial statements have been prepared on a going concern basis.

The current economic conditions present increased risks for all businesses. In response to such conditions, the directors have carefully considered these risks, included an assessment of uncertainty on future trading projection for a period of at least 12 months from the date of signing the financial statements, and the extent to which they might affect the preparation of the financial statements on a going concern basis.

Based on this assessment, the directors consider that the group maintains an appropriate level of liquidity, sufficient to meet the demands of the business.

In addition, the group's assets are assessed for recoverability on a regular basis, and the directors consider that the group is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that lead to significant doubt upon the group's ability to continue as a going concern. Thus the directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 October 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 33.

Rubberatkins Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

3. Accounting policies *(continued)*

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) No profit and loss account has been presented for the parent company.
- (b) No cash flow statement has been presented for the parent company.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel for the parent company.
- (d) No disclosure has been given in respect of transactions with other group companies for the parent company.

Consolidation

The financial statements consolidate the results of the parent company and all of its subsidiaries, Rubberatkins Inc, Tooling Alpha Limited and Thunderbirds Property Inc. These are adjusted, where appropriate to conform to group accounting policies.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not included its individual statement of comprehensive income.

Minority interests

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the minority interests are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

Rubberatkins Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

(ii) Impairment of debtors

The group 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.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied, stated net of discounts and of Value Added Tax.

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

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Rubberatkins Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

3. Accounting policies *(continued)*

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are taken to the profit and loss account. Exchange differences arising on non-monetary items, carried at fair value, are included in the profit and loss account, except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recorded in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Software - 20% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Rubberatkins Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

3. Accounting policies *(continued)*

Research and development

Expenditure on research activities is charged to the profit and loss account as it is incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products or processes, is capitalised if the product or process is considered to be technically and commercially feasible and the company intends to complete the intangible asset for use or resale.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	- 5% to 33% straight line
Motor vehicles	- 25% straight line
Office equipment	- 20% to 33% straight line

Investments

Investments held as fixed asset investments are initially recorded at cost, being the fair value of the consideration given and including acquisition costs associated with the investment. Any diminution in value is provided for.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Stocks

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

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Rubberatkins Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

3. Accounting policies *(continued)*

Government grants

Government grant income is recognised in the profit and loss account in full when the conditions attached to the grant have been satisfied.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Rubberatkins Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

3. Accounting policies *(continued)*

Financial instruments

Financial assets and liabilities are recognised when the group becomes party to the contractual provisions of the financial instrument. The group hold basic financial instruments which comprise cash and cash equivalents, trade and other receivables and trade and other payables. The group has chosen to apply the provisions of Section 11 Basic Financial Instruments and Section 12 Other Financial Instruments in full.

Financial assets - classified as basic financial instruments

(i) Cash and cash equivalents

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

(ii) Trade and other receivables

Trade and other receivables are initially recorded at transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment. The amount of the provision is recognised immediately in profit or loss.

At the end of each reporting period, the Company assesses whether there is objective evidence that any receivable amount may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate.

(iii) Trade and other payables

Trade and other payables are initially measured at transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount of cash expected to be paid.

Defined contribution plans

The group operates defined contribution pension schemes for employees. The assets of the schemes are held separately from those of the group. The annual contributions payable are charged to the profit and loss account.

4. Turnover

Turnover arises from:

	2016 £	2015 £
Sale of goods	<u>6,196,983</u>	<u>9,995,344</u>

Rubberatkins Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

4. Turnover *(continued)*

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2016 £	2015 £
United Kingdom	2,301,403	1,517,358
Overseas	3,895,580	8,477,986
	<u>6,196,983</u>	<u>9,995,344</u>

5. Other operating income

	2016 £	2015 £
Management charges receivable	302,934	—
Other operating income	179,873	219,348
	<u>482,807</u>	<u>219,348</u>

6. Operating profit

Operating profit or loss is stated after charging:

	2016 £	2015 £
Amortisation of intangible assets	17,055	12,008
Depreciation of tangible assets	499,512	523,482
Cost of stocks recognised as an expense	1,839,777	3,367,914
Impairment of trade debtors	572	2,248
Foreign exchange differences	(339,066)	(276,257)
Research and development expenditure recognised as an expense	<u>292,243</u>	<u>276,375</u>

7. Auditor's remuneration

	2016 £	2015 £
Fees payable for the audit of the financial statements	<u>16,300</u>	<u>16,432</u>

8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2016 No.	2015 No.
Production staff	57	70
Administrative staff	42	44
	<u>99</u>	<u>114</u>

Rubberatkins Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

8. Staff costs *(continued)*

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016	2015
	£	£
Wages and salaries	3,030,487	3,190,200
Social security costs	273,649	479,867
Other pension costs	83,008	117,360
	<u>3,387,144</u>	<u>3,787,427</u>

9. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016	2015
	£	£
Remuneration	<u>22,000</u>	<u>22,064</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2016	2015
	No.	No.
Defined contribution plans	<u>2</u>	<u>2</u>

10. Other interest receivable and similar income

	2016	2015
	£	£
Interest on loans and receivables	–	579
Interest on cash and cash equivalents	5,560	2,010
	<u>5,560</u>	<u>2,589</u>

11. Interest payable and similar charges

	2016	2015
	£	£
Interest on obligations under hire purchase contracts	1,388	1,388
Other interest payable and similar charges	–	2,012
	<u>1,388</u>	<u>3,400</u>

Rubberatkins Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

12. Tax on profit on ordinary activities

Major components of tax expense

	2016 £	2015 £
Current tax:		
UK current tax expense	55,481	196,333
Adjustments in respect of prior periods	–	351
Total current tax	<u>55,481</u>	<u>196,684</u>
Deferred tax:		
Origination and reversal of timing differences	(53,370)	23,088
Tax on profit on ordinary activities	<u>2,111</u>	<u>219,772</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20%).

	2016 £	2015 £
Profit on ordinary activities before taxation	40,693	1,287,106
Profit on ordinary activities by rate of tax	8,676	257,421
Adjustment to tax charge in respect of prior periods	–	351
Effect of expenses not deductible for tax purposes	18,172	21,469
Utilisation of tax losses	46,610	30,075
Timing differences	(17,360)	(21,764)
R & D claim	(52,950)	(47,858)
Change in tax rates	–	4,153
Patent box claim	(1,037)	(6,410)
Differences in overseas tax rates	–	(17,665)
Tax on profit on ordinary activities	<u>2,111</u>	<u>219,772</u>

13. Profit for the year of the parent company

The profit for the financial year of the parent company was £303,495 (2015: £1,046,153).

14. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2016 £	2015 £
Equity dividends on ordinary shares	<u>783,000</u>	<u>594,000</u>

Rubberatkins Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

15. Intangible assets

Group and company	Software £
Cost	
At 1 October 2015	72,830
Additions	13,350
At 30 September 2016	86,180
Amortisation	
At 1 October 2015	12,008
Charge for the year	17,055
At 30 September 2016	29,063
Carrying amount	
At 30 September 2016	57,117
At 30 September 2015	60,822

16. Tangible assets

Group	Land and buildings £	Plant and machinery £	Motor vehicles £	Equipment £	Total £
Cost					
At 1 October 2015	1,049,935	3,404,081	100,023	227,517	4,781,556
Additions	—	81,247	—	—	81,247
At 30 September 2016	1,049,935	3,485,328	100,023	227,517	4,862,803
Depreciation					
At 1 October 2015	—	1,689,930	38,829	170,695	1,899,454
Charge for the year	—	443,616	28,840	27,056	499,512
At 30 September 2016	—	2,133,546	67,669	197,751	2,398,966
Carrying amount					
At 30 September 2016	1,049,935	1,351,782	32,354	29,766	2,463,837
At 30 September 2015	1,049,935	1,714,151	61,194	56,822	2,882,102

Rubberatkins Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

16. Tangible assets *(continued)*

Company	Land and buildings £	Plant and machinery £	Motor vehicles £	Equipment £	Total £
Cost					
At 1 October 2015	565,384	3,139,261	31,348	213,861	3,949,854
Additions	—	31,378	—	—	31,378
At 30 September 2016	<u>565,384</u>	<u>3,170,639</u>	<u>31,348</u>	<u>213,861</u>	<u>3,981,232</u>
Depreciation					
At 1 October 2015	—	1,654,274	8,351	162,892	1,825,517
Charge for the year	—	401,477	7,837	23,767	433,081
At 30 September 2016	<u>—</u>	<u>2,055,751</u>	<u>16,188</u>	<u>186,659</u>	<u>2,258,598</u>
Carrying amount					
At 30 September 2016	<u>565,384</u>	<u>1,114,888</u>	<u>15,160</u>	<u>27,202</u>	<u>1,722,634</u>
At 30 September 2015	<u>565,384</u>	<u>1,484,987</u>	<u>22,997</u>	<u>50,969</u>	<u>2,124,337</u>

Obligations under hire purchase agreements

Included within the carrying value of tangible assets are the following amounts relating to assets held under hire purchase agreements:

Group	Plant and machinery £
At 30 September 2016	<u>17,700</u>
At 30 September 2015	<u>23,600</u>

The company has no tangible assets held under hire purchase agreements.

17. Investments

The group has no investments.

Company	Group companies £
Cost	
At 1 Oct 2015 and 30 Sep 2016	<u>4,709</u>
Impairment	
At 1 Oct 2015 and 30 Sep 2016	<u>—</u>
Carrying amount	
At 1 Oct 2015 and 30 Sep 2016	<u>4,709</u>

Rubberatkins Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

17. Investments *(continued)*

Subsidiaries

Details of the investments in which the parent company has an interest of 20% or more are as follows:

	Country of incorporation	Class of share	Percentage of shares held
Subsidiary undertakings			
Rubberatkins Inc.	United States	Ordinary	100
Tooling Alpha Limited	United Kingdom	Ordinary	80
Thunderbirds Property Inc.	United States	Ordinary	100

Rubberatkins Inc. is included in the consolidation. The address of its registered office is 24900 Pitkin Road, Suite 230, Spring, Houston, Texas 77386.

Tooling Alpha Limited is included in the consolidation. The address of its registered office is Claymore Avenue, Bridge Of Don, Aberdeen, AB23 8GW.

Thunderbirds Property Inc. is included in the consolidation. The address of its registered office is 5051 Westheimer Road, Suite 1200, Houston, Texas 77056-5839.

18. Stocks

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Raw materials and consumables	558,141	572,133	555,079	572,133
Finished goods and goods for resale	153,691	115,225	153,691	115,225
	<u>711,832</u>	<u>687,358</u>	<u>708,770</u>	<u>687,358</u>

19. Debtors

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	1,066,742	1,458,752	715,339	1,069,936
Amounts owed by group undertakings	–	–	454,921	184,852
Amounts owed by undertakings in which the company has a participating interest	242,787	1,067,933	251,874	1,041,083
Prepayments and accrued income	192,174	158,015	149,918	145,402
Corporation tax repayable	14,861	27,761	–	3,137
Other debtors	66,041	13,355	16,577	19,258
	<u>1,582,605</u>	<u>2,725,816</u>	<u>1,588,629</u>	<u>2,463,668</u>

The amounts owed by group undertakings and undertakings in which the company has a participating interest are unsecured, repayable on demand and interest free.

Rubberatkins Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

20. Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	325,878	521,370	308,749	508,348
Accruals and deferred income	162,618	118,816	152,235	77,018
Corporation tax	—	—	60,783	—
Social security and other taxes	86,642	79,031	71,298	72,997
Obligations under hire purchase contracts	5,680	7,068	—	—
Director loan accounts	891	11,382	891	11,382
Other creditors	101,362	58,146	23,877	—
	<u>683,071</u>	<u>795,813</u>	<u>617,833</u>	<u>669,745</u>

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

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Obligations under hire purchase contracts	1,420	5,712	—	—

22. Obligations under hire purchase agreements

The total future minimum lease payments under hire purchase contracts are as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Not later than 1 year	5,680	7,068	—	—
Later than 1 year and not later than 5 years	1,420	5,712	—	—
	<u>7,100</u>	<u>12,780</u>	<u>—</u>	<u>—</u>

23. Provisions

Group	Deferred tax (note 24) £
At 1 October 2015	117,815
Additions	1,755
Charge against provision	(55,125)
At 30 September 2016	<u>64,445</u>

Rubberatkins Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

23. Provisions *(continued)*

Company	Deferred tax (note 24) £
At 1 October 2015	86,102
Charge against provision	(55,125)
At 30 September 2016	<u>30,977</u>

24. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Included in provisions (note 23)	<u>64,445</u>	<u>117,815</u>	<u>30,977</u>	<u>86,102</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Accelerated capital allowances	<u>64,445</u>	<u>117,815</u>	<u>30,977</u>	<u>86,102</u>

Rubberatkins Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

25. Financial risk management objectives and policies

The group holds or issues financial instruments in order to achieve three main objectives, being:

(a) to finance its operations;

(b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and

(c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the group's operations.

Interest rate risk

The group monitors interest rates closely in order to minimise the potential exposure risk it has to any interest rate movements.

Credit risk

The group monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing exposure to credit risk.

The group has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Liquidity

The group aims to maintain a balance between continuity of funding and flexibility through maintaining a sustainable level of borrowings as and when required. Liquidity risk is also minimised through support of the group from the parent company.

Currency risk

The group's exposure to foreign currency risk is limited as the bulk of its transactions are dealt with in the UK. No financial instruments are in place to remove the effect of fluctuations in exchanges rates on the group.

Fair values of financial assets and liabilities

Financial instruments included in the accounts have been reviewed and the carrying values per the accounts are the same as the fair values of these financial instruments.

26. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £83,008 (2015: £117,360).

Rubberatkins Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

27. Financial instruments

The carrying amount for each category of financial instrument is as follows:

Financial assets measured at fair value through profit or loss

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Cash at bank and in hand	<u>2,943,803</u>	<u>2,243,383</u>	<u>2,801,995</u>	<u>2,129,502</u>

Financial liabilities measured at amortised cost

	Group	
	2016	2015
	£	£
Obligations under hire purchase agreements	<u>(7,100)</u>	<u>(12,780)</u>

28. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>30,242</u>	<u>30,242</u>	<u>30,242</u>	<u>30,242</u>

29. Reserves

Profit and loss account

This reserve records retained earnings and accumulated losses.

30. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Not later than 1 year	<u>272,643</u>	<u>309,029</u>	<u>255,326</u>	<u>290,000</u>
Later than 1 year and not later than 5 years	<u>13,592</u>	<u>255,326</u>	<u>—</u>	<u>255,326</u>
	<u>286,235</u>	<u>564,355</u>	<u>255,326</u>	<u>545,326</u>

Rubberatkins Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

31. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company and its subsidiary undertakings:

	2016		
	Balance brought forward	Advances/ (credits) to the directors	Balance outstanding
	£	£	£
Mr N Atkins	<u>(11,382)</u>	<u>10,491</u>	<u>(891)</u>

	2015		
	Balance brought forward	Advances/ (credits) to the directors	Balance outstanding
	£	£	£
Mr N Atkins	<u>(179,749)</u>	<u>168,367</u>	<u>(11,382)</u>

The amounts owed to Mr N Atkins are unsecured, repayable on demand and interest free.

32. Related party transactions

Group

The group was under the control of Mr N Atkins and Ms J Webster, the sole directors and shareholders of the group throughout the current and previous year. Details of transactions are given in note 31.

Reactive Downhole Tools Ltd, Reactive Downhole Tools Inc. and Mysteron Properties Inc. are also controlled by Mr N Atkins and Ms J Webster.

During the year the group sold goods to Reactive Downhole Tools Ltd on normal commercial terms to the value of £123,850 (2015 - £444,972). The balance due from Reactive Downhole Tools Ltd at 30 September 2016 was £252,647 (2015 - £1,041,083).

The balance due to Reactive Downhole Tools Inc at 30 September 2016 was £9,860 (2015 - £26,850 debit).

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the group was £22,000 (2015: £22,064).

33. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The group and the company transitioned to FRS 102 on 1 October 2014.

No transitional adjustments were required in equity or profit or loss for the year.