Company Registration No. 01413643 (England and Wales)

HELICAL TECHNOLOGY LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

HELICAL TECHNOLOGY LTD

COMPANY INFORMATION

Directors	Mr C M A M Morris Mr A M Morris
Secretary	Mr A M Morris
Company number	01413643
Registered office	Unit 1 Dock Road Lytham Lancashire FY8 5AQ
Auditor	DJH Accountants Limited Porthill Lodge High Street Wolstanton Newcastle under Lyme Staffordshire ST5 0EZ

HELICAL TECHNOLOGY LTD

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HELICAL TECHNOLOGY LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report for the year ended 31 December 2018.

Fair review of the business
We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the end of the year. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

The company continues to manufacture actuators, exhaust flap valves, valve rotators and undertake testing work for customers in the UK and abroad. The company remains committed to its continued significant investment in research and development.

Export sales were 71.21% of the company's total sales in the 12 months to December 2018 compared with 73.78% in the previous 12 months to December 2017.

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 turnover, gross profit and return on capital employed.

Turnover has risen slightly from £41,760,467 in 2017 to £42,348,682, an overall increase of 1.41%, with continued increases made in sales to domestic and European markets.

Gross profit has increased slightly as a result of the increase in sales with margins being maintained at 33.36% (2017 - 32.67%).

Administration costs have increased and as a result operating profit for the year has fallen to £3,184,156 (2017 - £4,367,905). The profit for the financial year is £3,572,402 (2017 - £4,263,524).

Return on capital employed has decreased to 22% (2017 - 39%). Return on capital employed is calculated as profit before interest and tax, divided by capital employed. Capital employed constitutes total assets less current liabilities, less investments, less cash, plus overdrafts and other short-term borrowings less short-term debtor borrowings.

As for many businesses of our size, the business environment in which we operate continues to be very challenging. Our business continues to face fierce competition and to ensure that we provide up to date, technologically advanced and innovative products that our multi-national customers demand, we continue to invest significantly into research and development projects. We not only look at enhancing existing income streams but are developing new products and advance our global sourcing of components and materials and also continue to develop and expand our activities abroad. As was detailed in last years Directors report there are ongoing discussions with Helical Funwick to exit the joint venture. The Directors are hopeful both parties will reach a mutually acceptable agreement in the next few months.

The company monitors the risks it faces through informal discussions at regular business meetings. The directors believe the major risks and uncertainties facing its operations are being continually monitored and addressed as they arise.

By order of the board

Mr A M Morris
Secretary

25 September 2019
Date

HELICAL TECHNOLOGY LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Principal activities
The principal activity of the company continued to be that of the manufacture of actuators, exchange flap valves and valve rotators.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr C M A M Morris
Mr A M Morris

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.

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

Ordinary dividends were paid amounting to £1,253,402. The directors do not recommend payment of a final dividend.

Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement
The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor
DJH Accountants Limited were appointed auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities
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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor
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 auditor is 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 auditor is aware of that information.

By order of the board

Mr A M Morris
Secretary

25 September 2019
Date

HELICAL TECHNOLOGY LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HELICAL TECHNOLOGY LTD

Opinion
We have audited the financial statements of Helical Technology Ltd (the 'company') for the year ended 31 December 2018 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the 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.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our 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 and 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, 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.

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

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

HELICAL TECHNOLOGY LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HELICAL TECHNOLOGY LTD

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.

Gary Neil Chadwick FCCA
(Senior Statutory Auditor)
for and on behalf of
DJH ACCOUNTANTS LIMITED

Chartered Certified Accountants
Registered Auditor

Porthill Lodge
High Street
Wolstanton
Newcastle under Lyme
Staffordshire
ST5 0EZ

27 September 2019

HELICAL TECHNOLOGY LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	42,348,682	41,760,467
Cost of sales		(28,222,335)	(28,117,208)
Gross profit		14,126,347	13,643,259
Administrative expenses		(10,955,508)	(9,284,852)
Other operating income		13,317	9,498
Operating profit	4	3,184,156	4,367,905
Interest receivable and similar income	7	473,008	11,474
Interest payable and similar expenses	8	(161,461)	(111,199)
Increase in value of investments	9	16,806	64,906
Profit before taxation		3,512,509	4,333,086
Tax on profit	10	59,893	(69,562)
Profit for the financial year		3,572,402	4,263,524

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

HELICAL TECHNOLOGY LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	£	£
Profit for the year	3,572,402	4,263,524
Other comprehensive income	-	-
Total comprehensive income for the year	3,572,402	4,263,524

HELICAL TECHNOLOGY LTD

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	**12**		5,887,528		5,283,787
Investments	**13**		930,752		921,719
			6,818,280		6,205,506
Current assets					
Stocks	**17**	6,874,798		4,150,656	
Debtors	**18**	9,029,289		8,601,461	
Cash at bank and in hand		1,262,545		1,160,239	
		17,166,632		13,912,356	
Creditors: amounts falling due within one year	**19**	(10,355,433)		(9,097,069)	
Net current assets			6,811,199		4,815,287
Total assets less current liabilities			13,629,479		11,020,793
Creditors: amounts falling due after more than one year	**20**		(355,944)		(66,258)
Provisions for liabilities	**24**		(310,745)		(310,745)
Net assets			12,962,790		10,643,790
Capital and reserves					
Called up share capital	**26**		100		100
Profit and loss reserves			12,962,690		10,643,690
Total equity			12,962,790		10,643,790

The financial statements were approved by the board of directors and authorised for issue on 25 September 2019 and are signed on its behalf by:

Mr C M A M Morris
Director

Mr A M Morris
Director

Company Registration No. 01413643

HELICAL TECHNOLOGY LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital	Profit and loss reserves	Total
		£	£	£
Balance at 1 January 2017		100	9,168,899	9,168,999
Year ended 31 December 2017:				
Profit and total comprehensive income for the year		-	4,263,524	4,263,524
Dividends	**11**	-	(2,788,733)	(2,788,733)
Balance at 31 December 2017		100	10,643,690	10,643,790
Year ended 31 December 2018:				
Profit and total comprehensive income for the year		-	3,572,402	3,572,402
Dividends	**11**	-	(1,253,402)	(1,253,402)
Balance at 31 December 2018		100	12,962,690	12,962,790

HELICAL TECHNOLOGY LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Cash flows from operating activities					
Cash generated from operations	**30**		1,889,460		3,798,018
Interest paid			(161,461)		(111,199)
Income taxes (paid)/refunded			(46,895)		124,997
Net cash inflow from operating activities			1,681,104		3,811,816
Investing activities					
Purchase of tangible fixed assets		(589,504)		(1,295,086)	
Purchase of fixed asset investments		(157,102)		(168,001)	
Proceeds on disposal of fixed asset investments		164,875		142,997	
Outflow from other investments and loans		(35,974)		(4,700)	
Interest received		8,658		5,513	
Dividends received		464,350		5,961	
Net cash used in investing activities			(144,697)		(1,313,316)
Financing activities					
Repayment of bank loans		(42,208)		(40,969)	
Payment of finance leases obligations		(260,137)		(150,690)	
Dividends paid		(1,253,402)		(2,788,733)	
Net cash used in financing activities			(1,555,747)		(2,980,392)
Net decrease in cash and cash equivalents			(19,340)		(481,892)
Cash and cash equivalents at beginning of year			(1,944,130)		(1,462,238)
Cash and cash equivalents at end of year			(1,963,470)		(1,944,130)
Relating to:					
Cash at bank and in hand			1,262,545		1,160,239
Bank overdrafts included in creditors payable within one year			(3,226,015)		(3,104,369)

1 Accounting policies

Company information
Helical Technology Ltd is a company limited by shares incorporated in England and Wales. The registered office is Unit 1 Dock Road, Lytham, Lancashire, FY8 5AQ.

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 a mounts in these financial statements are rounded to the nearest £.

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

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

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 for goods and services 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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

1 Accounting policies **(Continued)**

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:

Leasehold land and buildings	20% per annum on reducing balance
Plant and machinery / R&D Projects	10% per annum on reducing balance / 10% per annum on cost for R&D Projects
Fixtures, fittings and equipment	25% per annum on cost
Computer equipment	10% / 20% / 25% per annum on cost
Motor vehicles	20% per annum on cost

Assets in the course of construction are not depreciated.

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.

1.6 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.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

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.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1 Accounting policies **(Continued)**

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 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 balance sheet 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 debtors 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. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1 Accounting policies **(Continued)**

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

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.

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
Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies **(Continued)**

Other financial liabilities
Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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.

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

1.11 Equity instruments
Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Derivatives
The company enters into foreign exchange forward contracts in order to manage its exposure to foreign exchange risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.13 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.

1 Accounting policies **(Continued)**

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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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.

1.14 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.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

1.17 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.

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.

3 Turnover and other revenue

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

	2018	2017
	£	£
Turnover analysed by class of business		
Sale of manufactured components	42,348,682	41,760,467

	2018	2017
	£	£
Other significant revenue		
Interest income	8,658	5,513
Dividends received	464,350	5,961

	2018	2017
	£	£
Turnover analysed by geographical market		
United Kingdom	12,192,820	10,949,298
Europe	23,143,330	22,677,964
Rest of the world	7,012,532	8,133,205
	42,348,682	41,760,467

4 Operating profit

	2018	2017
Operating profit for the year is stated after charging:	£	£
Exchange losses	625,643	321,375
Research and development costs	789,069	830,425
Fees payable to the company's auditor for the audit of the company's financial statements	40,000	40,000
Depreciation of owned tangible fixed assets	565,985	432,100
Depreciation of tangible fixed assets held under finance leases	62,732	21,289

5 Employees

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

	2018 Number	2017 Number
Factory	120	114
Sales and administration	168	154
	288	268

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	5,880,861	4,900,638
Social security costs	818,065	699,405
Pension costs	99,962	54,214
	6,798,888	5,654,257
Redundancy payments made or committed	83,732	-

6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	53,463	46,236

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 - 1).

7 Interest receivable and similar income

	2018	2017
	£	£
Interest income		
Interest on bank deposits	8,658	5,513
Other income from investments		
Dividends received	5,948	5,961
Total income excluding fixed asset investments	14,606	11,474
Income from fixed asset investments		
Income from shares in group undertakings	458,402	-
Total income	473,008	11,474

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	8,658	5,513

8 Interest payable and similar expenses

	2018	2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	4,338	4,952
Other finance costs:		
Interest on finance leases and hire purchase contracts	15,365	10,206
Other interest	141,758	96,041
	161,461	111,199

9 Increase in investments

	2018	2017
	£	£
Fair value gains on financial instruments		
Change in value of financial assets held at fair value through profit or loss	16,806	64,906

10 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	-	162,704
Adjustments in respect of prior periods	(59,893)	(93,142)
Total current tax	(59,893)	69,562

10 Taxation **(Continued)**

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018	2017
	£	£
Profit before taxation	3,512,509	4,333,086
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	667,377	834,119
Tax effect of expenses that are not deductible in determining taxable profit	(2,247)	(12,191)
Tax effect of utilisation of tax losses not previously recognised	-	(70,675)
Unutilised tax losses carried forward	4,409	-
Adjustments in respect of prior years	(59,893)	(93,142)
Group relief	29	-
Dividend income	(87,277)	(1,147)
Depreciation	119,456	87,277
Capital allowances	(145,145)	(125,467)
R&D Enhancement relief	(397,312)	(404,091)
Other adjustments	(159,290)	(145,121)
Taxation (credit)/charge for the year	(59,893)	69,562

Factors that may affect future tax charges

The UK Government has proposed further cuts to the main rate of corporation tax as follows:

17% with effect from 1 April 2020.

These rate cuts will reduce future tax charges accordingly.

11 Dividends

	2018	2017
	£	£
Interim paid	1,253,402	2,788,733

12 Tangible fixed assets

	Leasehold land and buildings	Assets under construction	Plant and machinery / R&D Projects	Fixtures, fittings and equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 1 January 2018	465,052	868,601	7,436,126	383,406	1,399,042	31,995	10,584,222
Additions	336,505	366,271	1,207,987	17,013	101,627	46,450	2,075,853
Transfers	-	(843,395)	-	-	-	-	(843,395)
At 31 December 2018	801,557	391,477	8,644,113	400,419	1,500,669	78,445	11,816,680
Depreciation and impairment							
At 1 January 2018	208,550	-	4,332,302	348,869	382,919	27,795	5,300,435
Depreciation charged in the year	59,888	-	369,515	14,485	176,061	8,768	628,717
At 31 December 2018	268,438	-	4,701,817	363,354	558,980	36,563	5,929,152
Carrying amount							
At 31 December 2018	533,119	391,477	3,942,296	37,065	941,689	41,882	5,887,528
At 31 December 2017	256,502	868,601	3,103,824	34,537	1,016,123	4,200	5,283,787

12 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2018	2017
	£	£
Plant and machinery / R&D Projects	823,950	295,062
Motor vehicles	32,683	-
	856,633	295,062

13 Fixed asset investments

	Notes	2018	2017
		£	£
Investments in subsidiaries	14	541,977	541,977
Investments in associates	15	62,149	62,149
Listed investments		326,626	317,593
		930,752	921,719

	2018	2017
Listed investments included above:		
Listed investments carrying amount	326,626	317,593

Listed investments are now measured at fair value using reported stock exchange values at the year end date 31 December 2018.

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13 Fixed asset investments **(Continued)**

Movements in fixed asset investments

	Shares in group undertakings and participating interests	Other investments other than loans	Total
	£	£	£
Cost or valuation			
At 1 January 2018	604,126	317,593	921,719
Additions	-	157,105	157,105
Valuation changes	-	16,803	16,803
Disposals	-	(164,875)	(164,875)
At 31 December 2018	604,126	326,626	930,752
Carrying amount			
At 31 December 2018	604,126	326,626	930,752
At 31 December 2017	604,126	317,593	921,719

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
Helical Auto Technology India Private Limited	India	Engineering	Ordinary	89.00	-
Helical Couplings Limited	United Kingdom	Dormant	Ordinary	100.00	-
Helical Engineering (Kunshan) Limited	China	Engineering	Ordinary	80.00	-

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Helical Auto Technology India Private Limited	794,880	3,963,069
Helical Couplings Limited		1
Helical Engineering (Kunshan) Limited	110,070	678,939

15 Associates

Details of the company's associates at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	% Held Indirect
Helical Funwick Engineering China (Kunshan) Limited	China	Engineering	Ordinary	45.00	-

16 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	8,704,029	7,873,015
Equity instruments measured at cost less impairment	326,626	317,593
Carrying amount of financial liabilities		
Measured at amortised cost	10,502,812	8,795,211

17 Stocks

	2018 £	2017 £
Raw materials and consumables	6,700,455	3,956,763
Finished goods and goods for resale	174,343	193,893
	6,874,798	4,150,656

18 Debtors

Amounts falling due within one year:	2018 £	2017 £
Trade debtors	7,254,624	6,189,552
Corporation tax recoverable	17,219	93,142
Amounts owed by group undertakings	985,209	1,256,890
Amounts owed by undertakings in which the company has a participating interest	43,300	42,655
Other debtors	617,378	928,353
Prepayments and accrued income	111,559	90,869
	9,029,289	8,601,461

Trade debtors disclosed above are measured at amortised cost.

19 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	21	3,233,173	3,143,862
Obligations under finance leases	22	211,222	127,964
Trade creditors		5,196,458	4,686,357
Amounts owed to group undertakings		496,637	45,163
Corporation tax		1,025	183,736
Other taxation and social security		207,540	184,380
Other creditors		240,382	105,928
Accruals and deferred income		768,996	619,679
		10,355,433	9,097,069

Amounts due under finance lease and hire purchase contracts are secured on the assets to which they relate.

Included within bank loans and overdrafts are amounts of £3,119,890 (2017 - £3,007,996) in respect of invoice discounting facilities. These amounts are secured by a fixed charge on all purchased debts.

20 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	21	-	9,873
Obligations under finance leases	22	355,944	56,385
		355,944	66,258

Amounts due under finance lease and hire purchase contracts are secured on the assets to which they relate.

21 Loans and overdrafts

	2018 £	2017 £
Bank loans	7,158	49,366
Bank overdrafts	3,226,015	3,104,369
	3,233,173	3,153,735
Payable within one year	3,233,173	3,143,862
Payable after one year	-	9,873

No amounts included above fall due after five years.

The long-term loans are secured by fixed charges over the assets to which they relate.

21 Loans and overdrafts **(Continued)**

Long term debt is in the form of a secured bank loan which is a monthly repayment (capital and interest) instrument, maturing in February 2019, with a variable rate per annum being the aggregate of GBP LIBOR plus a Yorkshire Bank margin of 2.5%.

22 Finance lease obligations

	2018	2017
Future minimum lease payments due under finance leases:	£	£
Within one year	211,222	127,964
In two to five years	355,944	56,385
	567,166	184,349

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is three years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2018	Liabilities 2017
Balances:	£	£
Accelerated capital allowances	310,745	310,745

There were no deferred tax movements in the year.

24 Provisions for liabilities

	Notes	2018	2017
		£	£
Deferred tax liabilities	23	310,745	310,745
		310,745	310,745

25 Retirement benefit schemes

Defined contribution schemes	2018 £	2017 £
Charge to profit or loss in respect of defined contribution schemes	99,962	54,214

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.

26 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	53,463	46,236

The company is a wholly owned subsidiary of Helical Industries Limited and has taken advantage of the exemption conferred by FRS 102 not to disclose transactions with Helical Industries Limited or other group companies.

28 Directors' transactions

The directors' loan accounts are interest free and no repayment date has been set.

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Director loan	-	(11,273)	(125,856)	100,000	(37,129)
Director loan	-	958	(45,118)	35,000	(9,160)
		(10,315)	(170,974)	135,000	(46,289)

29 Ultimate controlling party

The ultimate parent company is Helical Industries Limited, a company incorporated in England and Wales.

The ultimate controlling party is Mr J M Morris and The Estate of Mrs E A Morris.

The largest and smallest group in which the results of the company are consolidated is that headed by Helical Industries Limited, incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. No other group accounts include the results of the company.

30 Cash generated from operations

	2018	2017
	£	£
Profit for the year after tax	3,572,402	4,263,524
Adjustments for:		
Taxation (credited)/charged	(59,893)	69,562
Finance costs	161,461	111,199
Investment income	(473,008)	(11,474)
Depreciation and impairment of tangible fixed assets	628,717	453,389
Fair value gain on listed investments	(16,806)	(64,906)
Movements in working capital:		
(Increase) in stocks	(2,724,142)	(1,593,601)
(Increase)/decrease in debtors	(467,777)	1,807,320
Increase/(decrease) in creditors	1,268,506	(1,236,995)
Cash generated from operations	1,889,460	3,798,018