

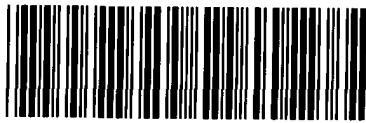
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Company Registration No.03316790 (England and Wales)

SARGENT ELECTRICAL SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2017

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SARGENT ELECTRICAL SERVICES LIMITED

COMPANY INFORMATION

Directors	I L Sargent N B Sargent Mrs A Sargent Mrs L J Sargent
Secretary	N B Sargent
Company number	03316790
Registered office	Unit 39 Tokenspire Business Park Woodmansey Beverley East Yorkshire HU17 0TB
Auditor	RSM UK Audit LLP Chartered Accountants 1st Floor Two Humber Quays Wellington Street West Hull HU1 2BN

SARGENT ELECTRICAL SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2017

The directors present the strategic report for the year ended 30 November 2017.

Review of the business

2016-17 saw a strong year for the business, built on the growth seen in previous years and was evident across all areas of the business. Research and development and new product development on a next generation of leisure equipment, had taken considerable time and input but the business has taken a long term view on this, and it is expected that this will pay dividends in the future across multiple customers.

The leisure sector again grew significantly during the year and with the development of a new control system, with App control and remote features it is hoped that this technology will be adopted across the leisure market in time. We have also seen a significant increase in the number of small leisure vehicle manufacturers using our equipment.

An increasing number of major construction industry projects had been seen throughout the period again with more clients on mid to large scale projects being accommodated through the design and manufacturing facilities. An increase in production capacity had also occurred to accommodate the uplift in demand.

As continued investment in research and development, administration, staff and business infrastructure is seen as critical to the continued development and growth of the business increases in technical and support staff were made, including increases in the management team.

Future developments

A number of research and development projects have been undertaken throughout the year, with some of these extending in the new business year.

Financial risk management objectives and policies

The company's principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to raise funds for the business and to finance the company's operations.

The company is exposed to price risk on raw material purchases arising on underlying commodity prices. The company manages price risk by monitoring sales price whilst remaining competitive.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity and flexibility through the use of available funds at the floating rates of interest. Additionally alternative banking measures have been put in place to spread the risks of a single bank failure.

Trade debtors are managed in respect of credit and cash flow risk policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditor liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Principal risks and uncertainties

Brexit continues to loom large and due to a significant number of uncertainties, a cautious approach has been adopted, until such time that there is clarity on how or what effect this will have on the business.

SARGENT ELECTRICAL SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

Key performance indicators

The following key performance indicators are provided to give an understanding of the development, performance and position of the business.

		2017	2016	2015
Turnover	£M	19.2	15.4	13.1
Gross profit	£M	4.5	4.3	3.7
Gross margin		23.3%	28.2%	27.9%
Operating profit	£M	2.8	2.8	2.4
Profit before tax	£M	2.8	2.8	2.4

Given the nature of the business, the Directors are of the opinion that analysis using non-financial KPI's is not necessary to give a clear understanding of the development, performance or position of the business overall.

On behalf of the board



I L Sargent

Director

Date: 19/7/18



N B Sargent

Director

Date: 19/7/18

SARGENT ELECTRICAL SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2017

The directors present their annual report and financial statements for the year ended 30 November 2017.

Principal activities

The principal activities of the company are the design, supply and manufacture of electrical and electronic assemblies.

Directors

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

I L Sargent
N B Sargent
Mrs A Sargent
Mrs L J Sargent

Results and dividends

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

Particulars of dividends paid are detailed in note 9 to the financial statements.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Research and development

The company continues to invest in areas of research and development to advance its products and services. In the opinion of the directors, continuity of investment in this area is essential for the maintenance of the company's market position and for future growth.

Auditor

The auditor RSM UK Audit LLP has indicated its willingness to continue in office.

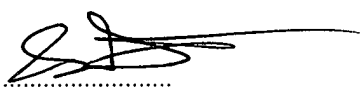
Information included in the Strategic Report

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. It has done so in respect of the review of the business and financial instruments.

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, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



I L Sargent
Director



N B Sargent
Director

Date: 19/11/18

SARGENT ELECTRICAL SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2017

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SARGENT ELECTRICAL SERVICES LIMITED

Opinion

We have audited the financial statements of Sargent Electrical Services Limited (the 'company') for the year ended 30 November 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, 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 30 November 2017 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SARGENT ELECTRICAL SERVICES LIMITED (CONTINUED)

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 set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Use of our report

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

RSM UK Audit LLP

Natasha Tomlinson (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1st Floor
Two Humber Quays
Wellington Street West
Hull
HU1 2BN
23 July 2018

SARGENT ELECTRICAL SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 NOVEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	19,150,835	15,372,225
Cost of sales		(14,690,203)	(11,035,172)
Gross profit		<u>4,460,632</u>	<u>4,337,053</u>
Administrative expenses		(1,706,629)	(1,569,770)
Operating profit	6	<u>2,754,003</u>	<u>2,767,283</u>
Interest receivable and similar income	7	5,069	10,266
Profit before taxation		<u>2,759,072</u>	<u>2,777,549</u>
Tax on profit	8	(442,591)	(505,888)
Profit for the financial year		<u><u>2,316,481</u></u>	<u><u>2,271,661</u></u>

SARGENT ELECTRICAL SERVICES LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 30 NOVEMBER 2017**

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	10		811,158		589,664
Current assets					
Stocks	11	3,241,056		3,189,482	
Debtors	12	4,232,713		3,894,998	
Investments	13	500,000		-	
Cash at bank and in hand		3,782,208		3,144,623	
		11,755,977		10,229,103	
Creditors: amounts falling due within one year	14	(3,164,942)		(1,956,793)	
Net current assets			8,591,035		8,272,310
Total assets less current liabilities			9,402,193		8,861,974
Provisions for liabilities					
Deferred tax liability	16	83,714		59,976	
			(83,714)		(59,976)
Net assets			9,318,479		8,801,998
Capital and reserves					
Called up share capital	18		1,000		1,000
Profit and loss reserves			9,317,479		8,800,998
Total equity			9,318,479		8,801,998

The financial statements were approved by the board of directors and authorised for issue on 19/7/18 and are signed on its behalf by:


 I L Sargent
 Director


 N B Sargent
 Director

SARGENT ELECTRICAL SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 NOVEMBER 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 December 2015		1,000	7,329,337	7,330,337
Year ended 30 November 2016:				
Profit and total comprehensive income for the year		-	2,271,661	2,271,661
Dividends	9	-	(800,000)	(800,000)
Balance at 30 November 2016		1,000	8,800,998	8,801,998
Year ended 30 November 2017:				
Profit and total comprehensive income for the year		-	2,316,481	2,316,481
Dividends	9	-	(1,800,000)	(1,800,000)
Balance at 30 November 2017		1,000	9,317,479	9,318,479

SARGENT ELECTRICAL SERVICES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 NOVEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	19	3,457,295		1,709,782	
Income taxes paid		(552,000)		(824,405)	
Net cash inflow from operating activities		2,905,295		885,377	
Investing activities					
Purchase of tangible fixed assets		(406,194)		(367,557)	
Proceeds on disposal of tangible fixed assets		43,500		-	
Proceeds from other investments and loans		-		15,109	
Interest received		3,232		10,266	
Net cash used in investing activities		(359,462)		(342,182)	
Financing activities					
Repayment of borrowings	22	(8,248)		-	
Dividends paid	22	(1,400,000)		(800,000)	
Net cash used in financing activities		(1,408,248)		(800,000)	
Net increase/(decrease) in cash and cash equivalents		1,137,585		(256,805)	
Cash and cash equivalents at beginning of year		3,144,623		3,401,428	
Cash and cash equivalents at end of year		4,282,208		3,144,623	
Relating to:					
Cash at bank and in hand		3,782,208		3,144,623	
Short term deposits included in current asset investments		500,000		-	

SARGENT ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2017

1 Accounting policies

Company information

Sargent Electrical Services Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Unit 39, Tokenspire Business Park, Woodmansey, Beverley, East Yorkshire, HU17 0TB.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

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, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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

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

Going concern

The directors believe that the company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore believe it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

The turnover shown in the profit and loss account represents income due from the supply of electrical components to third parties net of value added tax.

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 delivery 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.

Tangible fixed assets

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

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

Leasehold improvements	- 10% - 33% on cost
Plant and machinery	- 10% - 33% on cost
Motor vehicles	- 25% on cost

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.

SARGENT ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2017

1 Accounting policies (Continued)

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.

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.

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.

Finished goods are valued on the basis of direct costs plus attributable overheads based on the normal level of activity. Provision is made for any foreseeable losses where appropriate.

Cash and cash equivalents

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

Current asset investments

Current assets investments are short term deposits with original maturities of six months or longer.

SARGENT ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2017

1 Accounting policies (Continued)

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 when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

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 trade and other creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

SARGENT ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2017

1 Accounting policies (Continued)

Derecognition of financial liabilities

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

Equity instruments

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

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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

Retirement benefits

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

Leases

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

SARGENT ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2017

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction.

All translation differences are taken to profit or loss.

Research and development

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

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

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

Depreciation methods and rates

The assessment of the useful economic lives and the method of depreciating fixed assets requires judgement by the directors to ensure that assets match the future economic benefits embodied in them.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Estimated useful life of fixed assets

Depreciation is charged to the income statement based on the useful economic life selected, which requires an estimation of the period and profile over which the Company expects to consume the future economic benefits embodied in the assets. This is based on experience of similar assets.

Stock provisions

When calculating the stock provision, the directors have considered the nature and condition of stocks along with applying assumptions around anticipated saleability of items and future uses.

SARGENT ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2017

3 Turnover and other revenue

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

	2017 £	2016 £
Turnover analysed by class of business		
Sale of electrical and electronic assemblies	19,150,835	15,372,225
	<u> </u>	<u> </u>
	2017 £	2016 £
Other revenue		
Interest income	5,069	10,266
	<u> </u>	<u> </u>

4 Employees

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

	2017 Number	2016 Number
Production staff	131	119
Administrative staff	18	13
Management staff	9	9
	<u> </u>	<u> </u>
	158	141
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	3,307,742	2,618,782
Social security costs	286,499	194,179
Pension costs	61,967	64,641
	<u> </u>	<u> </u>
	3,656,208	2,877,602
	<u> </u>	<u> </u>

5 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	110,694	104,214
Company pension contributions to defined contribution schemes	40,000	51,000
	<u> </u>	<u> </u>
	150,694	155,214
	<u> </u>	<u> </u>

SARGENT ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2017

5 Directors' remuneration (Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2016 - 4).

6 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	108,256	199,239
Research and development costs	303,074	220,000
Fees payable to the company's auditor for the audit of the company's financial statements	18,950	19,250
Depreciation of owned tangible fixed assets	146,860	109,896
(Profit)/loss on disposal of tangible fixed assets	(5,660)	32,708
Cost of stocks recognised as an expense	11,727,676	8,657,310
Operating lease charges	160,731	160,958

7 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	3,232	10,192
Other interest income	1,837	74
Total income	5,069	10,266

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	3,232	10,192
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8 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	428,698	489,382
Adjustments in respect of prior periods	(9,845)	-
Total current tax	418,853	489,382

SARGENT ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2017

8 Taxation (Continued)

Deferred tax

Origination and reversal of timing differences	23,738	18,921
Changes in tax rates	-	(2,415)
	<u>23,738</u>	<u>16,506</u>
Total deferred tax	23,738	16,506
	<u>23,738</u>	<u>16,506</u>
Total tax charge	442,591	505,888
	<u>442,591</u>	<u>505,888</u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	2,759,072	2,777,549
	<u>2,759,072</u>	<u>2,777,549</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.33% (2016: 20.00%)	533,370	555,510
Tax effect of expenses that are not deductible in determining taxable profit	246	8,912
Adjustments in respect of prior years	(9,845)	-
Effect of change in corporation tax rate	(3,255)	(5,754)
Research and development tax credit	(77,925)	(52,780)
	<u>442,591</u>	<u>505,888</u>
Taxation charge for the year	442,591	505,888
	<u>442,591</u>	<u>505,888</u>

SARGENT ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2017

9 Dividends

	2017 Per share £	2016 Per share £	2017 Total £	2016 Total £
Ordinary 'A' shares				
Final paid	-	444.44	-	400,000
Interim paid	1,000.00	-	900,000	-
	<u>1,000.00</u>	<u>444.44</u>	<u>900,000</u>	<u>400,000</u>
Ordinary 'B' shares				
Final paid	-	4,000.00	-	400,000
Interim paid	9,000.00	-	900,000	-
	<u>9,000.00</u>	<u>4,000.00</u>	<u>900,000</u>	<u>400,000</u>
Total dividends				
Final paid			-	800,000
Interim paid			1,800,000	-
			<u>1,800,000</u>	<u>800,000</u>

10 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 December 2016	267,056	412,516	223,679	903,251
Additions	37,218	257,699	111,277	406,194
Disposals	-	(15,810)	(127,234)	(143,044)
At 30 November 2017	<u>304,274</u>	<u>654,405</u>	<u>207,722</u>	<u>1,166,401</u>
Depreciation and impairment				
At 1 December 2016	28,199	153,909	131,479	313,587
Depreciation charged in the year	58,241	45,809	42,810	146,860
Eliminated in respect of disposals	-	(15,810)	(89,394)	(105,204)
At 30 November 2017	<u>86,440</u>	<u>183,908</u>	<u>84,895</u>	<u>355,243</u>
Carrying amount				
At 30 November 2017	<u>217,834</u>	<u>470,497</u>	<u>122,827</u>	<u>811,158</u>
At 30 November 2016	<u>238,857</u>	<u>258,607</u>	<u>92,200</u>	<u>589,664</u>

SARGENT ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2017

11 Stocks

	2017 £	2016 £
Raw materials and consumables	3,167,469	3,022,293
Finished goods and goods for resale	73,587	167,189
	<u>3,241,056</u>	<u>3,189,482</u>

During the year, an impairment loss on finished goods of £115,660 (2016: £123,818) was recognised within cost of sales. No earlier stock write downs have been reversed during the current, or proceeding, period.

12 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	3,632,336	3,730,990
Corporation tax recoverable	381,240	56,557
Other debtors	2,072	14,493
Prepayments and accrued income	217,065	92,958
	<u>4,232,713</u>	<u>3,894,998</u>

13 Current asset investments

	2017 £	2016 £
Short term deposits	<u>500,000</u>	<u>-</u>

14 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	1,682,133	1,214,032
Corporation tax	328,698	137,162
Other taxation and social security	497,759	441,722
Other creditors	457,510	93,857
Accruals and deferred income	198,842	70,020
	<u>3,164,942</u>	<u>1,956,793</u>

SARGENT ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2017

15 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3,634,408	3,745,483
Carrying amount of financial liabilities		
Measured at amortised cost	2,266,415	1,377,909

16 Deferred taxation

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

	Liabilities 2017 £	Liabilities 2016 £
Balances:		
Accelerated capital allowances	83,714	59,976
Movements in the year:		2017 £
Liability at 1 December 2016		59,976
Charge to profit or loss		23,738
Liability at 30 November 2017		83,714

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

17 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	61,967	64,641

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.

SARGENT ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2017

18 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
900 Ordinary 'A' shares of £1 each	900	900
100 Ordinary 'B' shares of £1 each	100	100
	<u>1,000</u>	<u>1,000</u>

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

19 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	2,316,481	2,271,661
Adjustments for:		
Taxation charged	442,591	505,888
Investment income	(5,069)	(10,266)
(Gain)/loss on disposal of tangible fixed assets	(5,660)	32,708
Depreciation and impairment of tangible fixed assets	146,860	109,896
Movements in working capital:		
(Increase) in stocks	(51,574)	(642,095)
(Increase) in debtors	(11,195)	(878,837)
Increase in creditors	624,861	320,827
Cash generated from operations	<u>3,457,295</u>	<u>1,709,782</u>

20 Operating lease commitments

Lessee

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

	2017 £	2016 £
Within one year	126,484	133,628
Between one and five years	211,309	337,793
	<u>337,793</u>	<u>471,421</u>

SARGENT ELECTRICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2017

21 Related party transactions

Remuneration of key management personnel

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

	2017 £	2016 £
Aggregate compensation	90,992	104,125

The following amounts were outstanding at the reporting end date:

	2017 £	2016 £
Amounts owed to related parties		
Other related parties	17,965	17,965

Other related parties include a company controlled by the directors.

22 Directors' transactions

Dividends totalling £1,800,000 were declared (2016 - £800,000), £1,400,000 was paid in cash in the year and £400,000 transferred into the directors loan account in respect of shares held by the company's directors.

Interest free loans have been granted to the company by its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Directors loan	-	13,323	400,000	(8,248)	405,075
		13,323	400,000	(8,248)	405,075

23 Controlling party

The company was under joint control of I L Sargent and N B Sargent, directors and majority shareholders, throughout the current and previous year.