

Company Registration No. 06427770 (England and Wales)

HORN CUTTING TOOLS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

FRIDAY



L6G0UVEJ

LD3

29/09/2017

#360

COMPANIES HOUSE

HORN CUTTING TOOLS LIMITED

COMPANY INFORMATION

Director	Mr A Vollmer
Secretary	Palmerston Secretaries Limited
Company number	06427770
Registered office	Palmerston House 814 Brighton Road PURLEY Surrey CR8 2BR
Auditor	Turpin Barker Armstrong 1 Westmead Road SUTTON Surrey SM1 4LA
Bankers	HSBC Bank plc 75 High Street Sutton Surrey SM1 1DU

HORN CUTTING TOOLS LIMITED

CONTENTS

	Page
Strategic report	1
Director's report	2
Director's responsibilities statement	3
Independent auditor's report	4 - 5
Income statement	6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Notes to the financial statements	10 - 20

HORN CUTTING TOOLS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The director presents the strategic report for the year ended 31 December 2016.

Fair review of the business

Turnover has shown only a small increase from £9.008m to £9.037m in the year. The reason for only a slight increase is due to the continuing lack of investment from customers involved in the oil and gas industries, particularly in Scotland. A provision for slow moving / obsolete stock has also reduced the gross profit consistent with the 2015 accounts. The gross margin percentage decreased from 58% to 54% due to the decrease in the Euro exchange rate following the decision for the UK to leave the EU.

Administrative expenses were higher this year as the costs included the bi-annual MACH trade show. The other main increases were in repairs costs.

Salary cost remained at a similar level to the amount in 2015. The head count has reduced compared to the previous year and commission again decreased due to the reduced turnover.

Machine repairs on the older equipment accounted for the main increase in repairs. In addition numerous costs have been incurred by the company that are not subsequently recharged to the parent company.

Overall the results for the year and the financial position at the year end were considered satisfactory by the director. The director expects turnover to increase in 2017 and to improve in the foreseeable future.

On behalf of the board



Mr A Vollmer
Director

20 September 2017

HORN CUTTING TOOLS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The director presents his annual report and financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the company continued to be that of the supply of precision cutting and boring engineering tools.

Director

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

Mr A Vollmer

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Future developments

It is anticipated that the company will continue to trade profitably through this uncertain economic period.

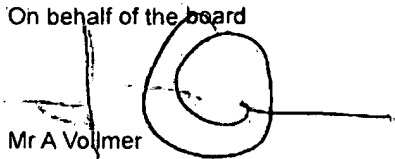
Auditor

In accordance with the company's articles, a resolution proposing that Turpin Barker Armstrong be reappointed as auditor of the company will be put at a General Meeting.

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.

On behalf of the board


Mr A Vollmer

Director

20 September 2017

HORN CUTTING TOOLS LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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. He is 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.

HORN CUTTING TOOLS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HORN CUTTING TOOLS LIMITED

We have audited the financial statements of Horn Cutting Tools Limited for the year ended 31 December 2016 set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of director and auditor

As explained more fully in the Director's Responsibilities Statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

Opinion 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

HORN CUTTING TOOLS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

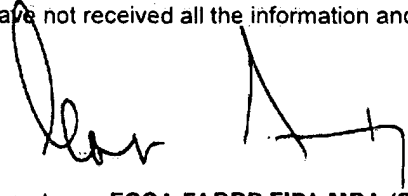
TO THE MEMBERS OF HORN CUTTING TOOLS LIMITED

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 Director's 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.


Martin Armstrong FCCA FABRP FIPA MBA (Senior Statutory Auditor)
for and on behalf of Turpin Barker Armstrong

27 SEPTEMBER 2012

Chartered Certified Accountants
Statutory Auditor

1 Westmead Road
SUTTON
Surrey
SM1 4LA

HORN CUTTING TOOLS LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	9,037,402	9,008,582
Cost of sales		(4,080,143)	(3,782,743)
Gross profit		4,957,259	5,225,839
Distribution costs		(76,777)	(72,694)
Administrative expenses		(4,432,076)	(4,211,602)
Operating profit	4	448,406	941,543
Interest receivable and similar income	6	5,881	4,937
Interest payable and similar expenses	7	(2,780)	-
Profit before taxation		451,507	946,480
Tax on profit	8	(98,944)	(200,063)
Profit for the financial year		352,563	746,417

The Income Statement has been prepared on the basis that all operations are continuing operations.

HORN CUTTING TOOLS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	£	£
Profit for the year	352,563	746,417
Other comprehensive income	-	-
Total comprehensive income for the year	<u>352,563</u>	<u>746,417</u>

HORN CUTTING TOOLS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	9		723,780		991,546
Current assets					
Stocks	10	518,577		606,080	
Debtors	11	2,383,550		2,007,322	
Cash at bank and in hand		3,312,117		2,518,149	
		6,214,244		5,131,551	
Creditors: amounts falling due within one year	12	(3,519,382)		(3,024,802)	
Net current assets			2,694,862		2,106,749
Total assets less current liabilities			3,418,642		3,098,295
Provisions for liabilities	13		(47,556)		(79,772)
Net assets			3,371,086		3,018,523
Capital and reserves					
Called up share capital	16		10,000		10,000
Profit and loss reserves			3,361,086		3,008,523
Total equity			3,371,086		3,018,523

The financial statements were approved and signed by the director and authorised for issue on 20 September 2017

Mr A Vollmer
Director

Company Registration No. 06427770

HORN CUTTING TOOLS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2015	10,000	2,262,106	2,272,106
Year ended 31 December 2015:			
Profit and total comprehensive income for the year	-	746,417	746,417
Balance at 31 December 2015	10,000	3,008,523	3,018,523
Year ended 31 December 2016:			
Profit and total comprehensive income for the year	-	352,563	352,563
Balance at 31 December 2016	10,000	3,361,086	3,371,086

HORN CUTTING TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Horn Cutting Tools Limited is a private company limited by shares incorporated in England and Wales. The registered office is Palmerston House, 814 Brighton Road, PURLEY, Surrey, CR8 2BR.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

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

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

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.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 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.

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:

Land and buildings Leasehold	Straight line over the period of the lease.
Plant and machinery	20% Straight Line
Fixtures, fittings & equipment	15% Reducing Balance

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.

HORN CUTTING TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.5 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.

1.6 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 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.

A provision has been made for slow moving / obsolete stock.

1.7 Cash at bank and in hand

Cash at bank and in hand 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.

HORN CUTTING TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.8 Financial instruments

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

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

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

Basic financial assets

Basic financial assets, which include 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.

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.

HORN CUTTING TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Basic financial liabilities

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

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 through 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.

Derecognition of financial liabilities

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

1.9 Equity instruments

Equity instruments issued by the company are recorded at the 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.

1.10 Derivatives

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.

1.11 Taxation

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

HORN CUTTING TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Current tax

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

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, 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.

1.12 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.

1.13 Retirement benefits

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

1.14 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 lease asset are consumed.

1.15 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 income statement for the period.

HORN CUTTING TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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:

	2016 £	2015 £
Turnover analysed by class of business		
Sale of goods	9,037,402	9,008,582
	<u> </u>	<u> </u>
	2016 £	2015 £
Other significant revenue		
Interest income	5,881	4,937
	<u> </u>	<u> </u>
	2016 £	2015 £
Turnover analysed by geographical market		
Europe (not including Germany)	7,181,174	7,345,171
Germany	1,856,228	1,663,411
	<u> </u>	<u> </u>
	9,037,402	9,008,582
	<u> </u>	<u> </u>

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	85,716	(22,976)
Fees payable to the company's auditor for the audit of the company's financial statements	7,700	7,700
Depreciation of owned tangible fixed assets	282,033	298,269
(Profit)/loss on disposal of tangible fixed assets	-	14,268
Cost of stocks recognised as an expense	4,080,143	3,782,743
Operating lease charges	120,434	109,152
	<u> </u>	<u> </u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £85,716 (2015 - £22,976).

HORN CUTTING TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

5 Employees

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

	2016 Number	2015 Number
Manufacturing	25	29
Selling and Administration	26	26
	<u>51</u>	<u>55</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,983,314	2,014,683
Social security costs	227,538	231,436
Pension costs	229,482	207,515
	<u>2,440,334</u>	<u>2,453,634</u>

6 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	3,504	4,373
Other interest income	2,377	564
	<u>5,881</u>	<u>4,937</u>

7 Interest payable and similar expenses

	2016 £	2015 £
Other interest	2,780	-
	<u>2,780</u>	<u>-</u>

8 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	131,160	212,082
	<u>131,160</u>	<u>212,082</u>

HORN CUTTING TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

8 Taxation

(Continued)

Deferred tax

Origination and reversal of timing differences

(32,216)

(12,019)

Total tax charge

98,944

200,063

The actual 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:

	2016 £	2015 £
Profit before taxation	451,507	946,480
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	90,301	191,662
Tax effect of expenses that are not deductible in determining taxable profit	65,049	76,000
Permanent capital allowances in excess of depreciation	(56,406)	(67,564)
Other non-reversing timing differences	-	(35)
Taxation charge for the year	98,944	200,063

9 Tangible fixed assets

	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 January 2016	526,464	1,323,376	101,915	1,951,755
Additions	-	5,335	8,932	14,267
At 31 December 2016	526,464	1,328,711	110,847	1,966,022
Depreciation and impairment				
At 1 January 2016	173,233	749,556	37,420	960,209
Depreciation charged in the year	40,369	230,776	10,888	282,033
At 31 December 2016	213,602	980,332	48,308	1,242,242
Carrying amount				
At 31 December 2016	312,862	348,379	62,539	723,780
At 31 December 2015	353,231	573,820	64,495	991,546

HORN CUTTING TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Stocks

	2016 £	2015 £
Finished goods and goods for resale	518,577	606,080

11 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	2,214,307	1,820,489
Corporation tax recoverable	-	11,771
Other debtors	62,796	67,260
Prepayments and accrued income	106,447	107,802
	2,383,550	2,007,322

12 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	1,295,809	920,912
Amounts due to group undertakings	1,578,568	1,553,585
Corporation tax	54,703	77,082
Other taxation and social security	399,466	361,931
Accruals and deferred income	190,836	111,292
	3,519,382	3,024,802

13 Provisions for liabilities

	Notes	2016 £	2015 £
Deferred tax liabilities	14	47,556	79,772

14 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 2016 £	Liabilities 2015 £
Balances:		
Accelerated Capital Allowances	47,556	79,772

HORN CUTTING TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

14 Deferred taxation

(Continued)

	2016 £
Movements in the year:	
Liability at 1 January 2016	79,772
Credit to profit or loss	(32,216)
Liability at 31 December 2016	<u>47,556</u>

The deferred tax liability set out relates to accelerated capital allowances.

15 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>229,482</u>	<u>207,515</u>

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.

16 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
10,000 of £1 each	<u>10,000</u>	<u>10,000</u>
	<u>10,000</u>	<u>10,000</u>

17 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:

	2016 £	2015 £
Within one year	18,797	-
Between two and five years	<u>127,013</u>	<u>51,000</u>
	<u>145,810</u>	<u>51,000</u>

18 Related party transactions

HORN CUTTING TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

18 Related party transactions

(Continued)

The company has taken advantage of the exemption available in section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

19 Controlling party

The ultimate controlling party is Horn S.A, incorporated in Luxembourg.

Copies of the group accounts can be obtained from Horn S.A, 19 Rue de Bitbourg, L-1273, Luxembourg.