William Cook Holdings Limited

Directors' report and financial statements

Registered number 3283010

For the year ended 2 July 2016

Contents

Directors and advisers

Board of Directors

Sir Andrew Cook CBE
William James Cook
Christopher Seymour

Company Secretary

Michael Hodgson FCA

Registered Office

Parkway Avenue
Sheffield
S9 4UL

Auditor

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Bankers

The Royal Bank of Scotland plc
3rd Floor
2 Whitehall Quay
Leeds
LS1 4HR

Strategic Report

Principal activities

The Group's principal activity during the period was the manufacture of engineering components and assemblies primarily comprising steel castings. The parent company continues to act as a holding company.

Business review and results

The operating performance during the period was disappointing. The collapse in mineral prices and the Chinese slow-down caused a dramatic fall in orders. The global trading environment remains particularly difficult and has caused a decrease in both sales and profits compared with the previous year.

Group turnover was virtually unchanged on a pro rata basis, from £64,883,000 in the period of fifteen months ended 27 June 2015 to £51,737,000 in the year ended 2 July 2016.

Gross profit was £13,120,000 in the year ended 2 July 2016 against £14,403,000 in the period of fifteen months ended 27 June 2015. The gross profit margin in the current year was 25.3% compared with 22.2% achieved in the prior period.

Overheads, excluding exceptional items, were £8,886,000 in the current period, compared with £10,684,000 in the fifteen months ended 27 June 2015 (equating to an annualised amount of £8,547,000).

The operating profit for the year was £3,408,000 compared with £2,610,000 in the prior period.

Profit before taxation for the year was £1,768,000 compared with £2,056,000 in the prior period.

In contrast to the other business sectors, the defence business has shown significant improvement over recent months. Over £100 million of long term orders have been secured, underpinning its future for years to come.

Cash flow from operating activities remained satisfactory, being £17,086,000 in the year ended 2 July 2016 compared with £6,257,000 in the prior year. This years cash flows benefit from an advance payment against an ongoing contract.

Balance sheet

Consolidated shareholders funds of £56,485,000 at 2 July 2016 compared to £56,027,000 at 27 June 2015.

Key performance indicators

Group management monitors the performance of the operations compared to budget and forecast.

KPIs monitored daily are:

- Production volume and value
- Sales volume and value
- Plant availability (production downtime)
- Quality (scrap and rework)
- Order intake

Strategic report *(continued)*

Key Performance Indicators (KPIs) *(continued)*

KPIs monitored weekly and monthly are the above plus:

- Profit and cash generation
- Man hours per tonne
- Labour cost per tonne
- Overtime and absenteeism
- Health and safety (accidents per 100,000 hours)
- Delivery performance
- Forward order outlook

Principal risks and uncertainties

The most significant risks to the Group's profitability are:

- Bad management
- Collapsed mineral prices
- Structural changes in principal markets
- Hostile trade union interference
- Any impediments to access to the Single European Market
- Chronic excess capacity in the industry causing below cost pricing.

The board is addressing these risks where possible. William Cook Precision Limited is being moved to the Sheffield site, which is being substantially modernised. This will achieve significant savings both in overheads and direct costs. A modernisation programme has been completed at the Leeds plant to improve the performance of the rail business. Advanced manufacturing techniques are being adopted to allow access to higher value markets.

Financial risk management policies and objectives

Exposure to credit and currency risk arises in the normal course of the Group's business. The Group manages financial risk within its general risk management philosophy and framework.

No significant financial instruments were traded by the Group in the period *(2015: none)*.

Credit risk

The Group has credit management policies in place and exposure to credit risk is monitored. Investment of surplus cash balances is only in short term deposits.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet and the related risk for trade debtors is spread over many customers.

Interest rate risk

The Group's debt comprises fixed rate shareholder pension fund loans, and fixed rate shareholder loan stock. The Group may use interest rate swaps to manage interest rates wherever there is a perceived foreseeable long term cash benefit available. No swaps were used during the period *(2015: none)*.

Currency risk

The Group maintains a policy of utilising forward foreign exchange contracts when considered appropriate to eliminate currency risk.

Strategic report *(continued)*

Future developments

The directors remain confident about the long-term prospects for the Group. Great effort is being made to focus on stable or growing markets attracting high added value and with a correspondingly lower casting content. Substantial capital investment continues to be made to improve efficiency and cut costs.

At the year end the international economic environment remained uncertain and another challenging year is envisaged for 2017. Notwithstanding this, the directors expect the Group to have turned the corner by the end of the 2017 calendar year, and for sales and profits to be once again rising towards historic levels.

By order of the board

Sir Andrew Cook
Director

Parkway Avenue
Sheffield
S9 4UL

28 March 2017

Directors' report

The directors submit their report and the audited accounts For the year ended 2 July 2016.

Financial assets

The Group's financial assets as at 2 July 2016 included interest bearing cash balances of £22,251,000 *(2015: £10,537,000)*.

There was no difference between the carrying value and the fair value of financial assets as at the period end *(2015: no difference)*.

Financial liabilities

The Group's financial liabilities as at 2 July 2016 comprised other loans of £2,400,000 *(2015: £3,000,000)* and shareholder loan stock of £3,450,000 *(2015: £3,450,000)*.

There was no difference between the carrying value and the fair value of financial liabilities as at the period end *(2015: no difference)*.

Dividends

Dividends paid in the current period total £400,000 as set out below:

Class of share			**Total dividend**
			£
C1	(25 November 2016)	Interim - 2. 7.2016	300,000
C2a	(22 June 2016)	Interim - 2. 7.2016	100,000
			400,000

The directors recommend that no final dividend be paid.

Directors

Sir Andrew Cook CBE held office during the whole of the period from 28 June 2015 to the date of this report.

Changes in directors holding office are as follows:

William J Cook was appointed a director on 4 January 2016.
K J Grayley ceased to be a director on 16 October 2015.
Christopher Seymour was appointed a director on 1 September 2016.

Sir Andrew Cook holds 37,624,720 *(2015: 37,624,720)* ordinary shares in the company at the end of the period, including those shares held by his family trusts and pension scheme. Mr K J Grayley held 100,000 ordinary shares at the beginning of the period. These were bought in and cancelled by the Company on 18 November 2015.

None of the directors had any interest in the shares of other Group companies.

Directors' report *(continued)*

Employees

It is the policy of the Group to employ disabled persons wherever circumstances permit and provide normal opportunities for their training, promotion and career development. The Group's policy includes, where practicable, the continued employment of those who may become disabled during their employment.

The Group considers it is important that employees are kept informed on all aspects of its affairs as far as the needs of communication and financial confidentiality will allow.

Payments to suppliers

For all trade creditors it is the Group's policy to agree the terms of payment at the start of business with that supplier. The Group seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

Political and charitable donations

During the period, the Group made political donations of £397,000 *(2015:* £26,000*)* and charitable donations amounting to £9,700 *(2015:* £226,000*)*.

Directors' indemnity provisions

The directors benefit from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

Disclosure of information to auditor

The directors who hold office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, a resolution for the reappointment of KPMG LLP as auditor of the company will be proposed at the forthcoming Annual General Meeting.

By order of the board

Sir Andrew Cook
Director

Parkway Avenue
Sheffield
S9 4UL

28 March 2017

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

KPMG

1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Independent auditor's report to the members of William Cook Holdings Limited

We have audited the financial statements of William Cook Holdings Limited For the year ended 2 July 2016 set out on pages 10 to 33. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 2 July 2016 and of the group's profit for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice: and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of William Cook Holdings Limited *(continued)*

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Adrian Stone (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

31 March 2017

Consolidated profit and loss account

For the year ended 2 July 2016

	Notes	Year ended 2 July 2016 £000	15 month period ended 27 June 2015 £000
	2		
Group turnover	2	**51,737**	64,883
Cost of sales		**(38,617)**	(50,480)
Gross profit		**13,120**	14,403
Net operating expenses			
Normal	3	**(8,886)**	(10,684)
Exceptional	3	**(826)**	(1,109)
		(9,712)	(11,793)
Group operating profit		**3,408**	2,610
Share of operating result in joint venture	12	**-**	-
		3,408	2,610
Political donations		**(397)**	-
Charitable donations		**-**	(226)
Impairment of fixed assets relating to non-core activities		**(1,572)**	-
Profit on disposal of fixed assets		**670**	105
Profit on ordinary activities before interest		**2,109**	2,489
Net interest and similar charges payable			
Group	5	**(341)**	(433)
Joint Venture	12	**-**	-
Profit on ordinary activities before taxation		**1,768**	2,056
Taxation	7	**(900)**	(711)
Profit for the financial period		**868**	1,345

Notes on pages 15-33 form part of the financial statements.

Balance sheets
at 2 July 2016

	Note	Group		Company	
		July 2016	June 2015	**July 2016**	June 2015
		£000	£000	**£000**	£000
Fixed assets					
Intangible assets	10	**6,720**	7,116	**-**	-
Tangible assets	11	**37,377**	36,928	**736**	725
Investment in joint venture					
Share of gross assets		**6**	6	**-**	-
Share of gross liabilities		**(2,691)**	(2,691)	**-**	-
	12	**(2,685)**	(2,685)	**-**	-
Investment in subsidiaries and other investments	12	**47**	47	**42,124**	17,434
		(2,638)	(2,638)	**42,124**	17,434
		41,459	41,406	**42,860**	18,159
Current assets					
Stocks	13	**5,205**	7,548	**-**	-
Debtors	14	**13,428**	12,423	**13,873**	31,294
Cash at bank and in hand		**22,251**	10,537	**8,824**	6,131
		40,884	30,508	**22,697**	37,425
Creditors: amounts falling due within one year	15	**(23,095)**	(12,694)	**(10,562)**	(4,791)
Net current assets		**17,789**	17,814	**12,135**	32,634
Total assets less current liabilities		**59,248**	59,220	**54,995**	50,793
Creditors: amounts falling due after more than one year	15	**(1,800)**	(2,400)	**(1,800)**	(2,400)
Provisions for liabilities and charges	16	**(963)**	(793)	**-**	-
Net assets		**56,485**	56,027	**53,195**	48,393
Capital and reserves					
Called up share capital	17	**376**	377	**376**	377
Share premium account	18	**15,591**	15,591	**15,591**	15,591
Capital redemption reserve	18	**1,405**	1,404	**1,405**	1,404
Revaluation reserve	18	**2,277**	2,277	**-**	-
Profit and loss account	18	**36,836**	36,378	**35,823**	31,021
Shareholders' funds		**56,485**	56,027	**53,195**	48,393

These financial statements were approved by the board of directors on 28 March 2017 and were signed on its behalf by:

Sir Andrew Cook
Director

Notes on pages 15-33 form part of the financial statements

Consolidated cash flow statement

For the year ended 2 July 2016

	Note	Year ended 2 July	2016	15 month period ended 27 June	2015
		£000	£000	£000	£000
Cash flow from operating activities	23		17,086		6,257
Returns on investments and servicing of finance					
Interest received		69		90	
Interest paid					
On shareholder loan stock		-		(354)	
On other loans		(160)		(222)	
Franked investment income		3		3	
Net cash outflow from returns on investments and servicing of financing			(88)		(483)
Taxation paid			(118)		(900)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(5,436)		(5,368)	
Purchase of intangible fixed assets		(91)		(26)	
Purchase of own shares		(10)		-	
Sales of tangible fixed assets		1,371		105	
			(4,166)		(5,289)
Equity dividends paid			(400)		(2,700)
Net cash outflow before financing			12,314		(3,115)
Financing *(Being repayments of debt and capital)*					
Repayment of borrowings		(600)		(4,145)	
Increase in borrowings – new loans		-		3,000	
Net cash outflow from financing			(600)		(1,145)
Decrease in cash			11,714		(4,260)

Reconciliation of net cash flow to movement in net debt

	Note	2016 £000	2015 £000
Increase in cash		11,714	(4,260)
Cash flow from change in debt		600	1,145
Change in net debt resulting from cash flows	24	12,314	(3,115)
Net funds at 27 June 2015	24	4,087	7,202
Net funds at 2 July 2016		16,401	4,087

Notes on pages 15-33 form part of the financial statements

Group statement of Changes in Equity
For the year ended 2 July 2016

	Called up Share capital	Retained earnings	Capital redemption reserve	Share Premium account	Revaluation reserve	Total equity
	£000	£000	£000	£000	£000	**£000**
Balance at 30 March 2014	377	37,638	1,404	15,591	2,277	**57,287**
Changes in equity						
Total comprehensive income	-	1,345	-	-	-	**1,345**
Cancelled dividends from prior years	-	95	-	-	-	**95**
Dividends	-	(2,700)	-	-	-	**(2,700)**
Balance at 27 June 2015	377	36,378	1,404	15,591	2,277	**56,027**
Changes in equity						
Total comprehensive income	-	868	-	-	-	**868**
Dividends	-	(400)	-	-	-	**(400)**
Purchase of own shares	(1)	-	1	-	-	**-**
Cancelled shares	-	(10)				**(10)**
Balance at 2 July 2016	376	36,836	1,405	15,591	2,277	**56,485**

Notes on pages 15-33 form part of the financial statements

Company statement of Changes in Equity

For the year ended 2 July 2016

	Called up Share capital	Retained earnings	Capital redemption reserve	Share Premium account	Total equity
	£000	£000	£000	£000	**£000**
Balance at 30 March 2014	377	39,974	1,404	15,591	**57,346**
Changes in equity					
Total comprehensive income	-	(6,253)	-	-	**(6,253)**
Dividends	-	(2,700)	-	-	**(2,700)**
Balance at 27 June 2015	377	31,021	1,404	15,591	**48,393**
Changes in equity					
Total comprehensive income	-	5,212	-	-	**5,212**
Dividends	-	(400)	-	-	**(400)**
Purchase of own shares	(1)	-	1	-	**-**
Cancelled shares	-	(10)	-	-	**(10)**
Balance at 2 July 2016	376	35,823	1,405	15,591	**53,195**

Notes on pages 15-33 form part of the financial statements

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

The accounts are prepared under the historical cost convention, modified to include the revaluation of certain tangible fixed assets, and in accordance with applicable accounting standards. The directors have adopted the going concern basis in the preparation of the financial statements.

Consolidation and goodwill

The consolidated financial statements incorporate the financial statements of the company and all its subsidiary undertakings ("subsidiaries"). All financial statements are made up to 2 July 2016. At the date of acquisition of a business other than by merger, fair values are attributed to the net assets acquired. Until 28 March 1998 the Group eliminated goodwill from the accounts by immediate write off against reserves. Goodwill is capitalised and written off to the profit and loss account over a period appropriate to each investment but no more than 20 years in accordance with FRS 102 Section 19 'Business combinations and goodwill'. In applying this standard, the Group does not intend to capitalise retrospectively previously written off goodwill.

The Group's share of the profits less losses of joint ventures and associates is included in the consolidated profit and loss account and its interest in their net assets is included in investments in the consolidated balance sheet. A joint venture is an undertaking in which the Group has a long term interest and over which it exercises joint control. An associate is an undertaking in which the Group has a long term interest and over which it exercises significant influence.

On the disposal or closure of any business acquired, the profit and loss account includes a charge in respect of the goodwill previously written off against reserves on the acquisition of the business.

Turnover

Turnover is the net invoiced value of goods sold and services rendered outside the Group excluding value added tax.

Tangible fixed assets depreciation

Tangible fixed assets are fully depreciated, on cost or valuation less residual value, on a straight line basis, over their estimated useful lives as follows:

Leasehold land and buildings	-	by equal instalments over the life of the lease
Freehold buildings	-	2.5% per annum
Plant and equipment	-	10% - 20% per annum
Motor vehicles	-	25% per annum

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined, which is the higher of its fair valueless costs to sell, and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Heritage assets are held at market value. Individual items are periodically valued by an external valuer with any surplus or deficit being reported in the Consolidated Statement of Total Recognised Gains and Losses. These assets (paintings) are deemed to have indeterminate lives and a high residual value, consequently no depreciation is charged.

Notes *(continued)*

1 Accounting policies *(continued)*

Amortisation of intangible fixed assets

Intangible fixed assets are amortised by equal annual instalments over their estimated useful lives as follows:

Yacht berth licence - 4%

Investment properties and land

In accordance with FRS 102 section 16, investment properties and land are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve. If deficits are considered permanent these are written off to profit and loss account. No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties where the unexpired term of the lease is more than 20 years. These properties are maintained in a state of good repair and, accordingly, the directors consider that the lives of these assets are so long and residual values sufficiently high that any depreciation charge to the profit and loss account would be insignificant.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102 section 16. The directors consider that, because these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

Intangible fixed assets and amortisation

Intangible fixed assets being the amount paid for Customer Relationships and purchased in 2007 are capitalised at cost and amortised by equal instalments over their estimated useful economic life of 20 years. These intangible assets are subject to annual impairment reviews.

Stocks

Stocks are stated at the lower of cost and net realisable value using the first in/first out method. Cost comprises the direct costs of production and the attributable proportion of all overheads appropriate to location and condition. Net realisable value is the estimated selling price reduced by all costs of completion, marketing, selling and distribution.

Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Differences arising on translation and on the conversion of ordinary foreign currency transactions during the period are dealt with as part of the profit on ordinary activities.

Post retirement benefits

The Group operates an active defined contribution pension scheme. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The defined benefit section of the Group's pension scheme was wound up in 2011 and the Group has no further liability in relation to this former scheme.

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.

Notes *(continued)*

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.

2 Turnover

The directors consider that the trading activities conducted by the Group's subsidiaries do not significantly differ. All turnover originates in the United Kingdom.

	Year ended 27 June 2016 £000	15 month period ended 27 June 2015 £000
Geographical analysis of turnover by destination		
United Kingdom	**33,998**	38,791
Continental Europe	**11,442**	21,321
North America	**1,421**	3,405
Rest of world	**4,876**	1,366
	51,737	64,883

3 Net operating expenses

	Year ended 27 June 2016 £000	15 month period ended 27 June 2015 £000
Normal		
Distribution costs	**748**	786
Administrative expenses	**8,138**	9,898
	8,886	10,684
Exceptional		
Employment termination	**710**	1,109
Reorganisation costs	**116**	-
	826	1,109
	9,712	11,793

Notes *(continued)*

4 Directors and employees

	Year ended 27 June 2016 £000	15 month period ended 27 June 2015 £000
Directors' remuneration		
Salary	**50**	250
Benefits in kind	**48**	43
Pension contributions	**10**	-
	108	293

Directors' remuneration includes amounts paid to the directors by all Group companies. Emoluments of the highest paid director were £58,000 *(2015: £274,000)*.

	Year ended 27 June 2016 £000	15 month period ended 27 June 2015 £000
Employees		
Wages and salaries	**14,483**	21,750
Social security costs	**1,403**	2,017
Other pension costs	**226**	349
	16,112	24,116
	Number	Number
Average numbers employed by the Group:		
Factories	**418**	527
Sales and administration	**114**	109
	532	636

Notes *(continued)*

5 Net interest payable

	Year ended 27 June 2016 £000	15 month period ended 27 June 2015 £000
Group		
Interest payable on shareholder loan stock	**(249)**	(306)
Interest payable on pension scheme loans	**(160)**	(214)
	(409)	(520)
Bank interest receivable	**65**	84
Income from fixed asset investments	**3**	3
	(341)	(433)

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):	**Year ended 27 June 2016 £000**	15 month period ended 27 June 2015 £000
Auditor's remuneration:		
Audit of these financial statements	**5**	6
Amounts receivable by auditors in respect of:		
- audit of financial statements of subsidiaries pursuant to legislation	**77**	90
- other services relating to taxation	**46**	116
- advisory services	**-**	6
Depreciation		
- owned	**2,714**	3,035
Impairment of fixed assets	**1,572**	-
Profit on disposal of fixed assets	**(670)**	(105)
Amortisation of goodwill and other intangible assets	**487**	655
Hire of plant and machinery	**325**	358
Other operating leases	**393**	824
Research and development	**195**	141

Notes *(continued)*

7 Taxation

	15 month period ended 27 June 2017 £000	15 month period ended 27 June 2015 £000
Corporation tax on the profit for the period	**789**	696
Adjustments in respect of prior periods	**(67)**	(200)
Total current tax charge (see below)	**722**	496
Origination/reversal of timing differences	**140**	183
Adjustments in respect of prior periods	**107**	32
Effect of rate change	**(69)**	-
Tax on profit on ordinary activities	**900**	711

The current tax charge for the period is higher *(2015:* higher*)* than the standard rate of corporation tax in the UK 20% *(2015:* 20.8%*)*.

The differences are explained below:

	Year ended 27 June 2016 £000	15 month period ended 27 June 2015 £000
Current tax reconciliation		
Profit on ordinary activities before tax	**1,768**	2,056
Current tax at 20% *(2015: 20.8%)*	**354**	428
Effects of:		
Expenses not deductible for tax purposes	**776**	477
Timing differences	**-**	(183)
Profit on sale of non qualifying assets	**(158)**	(19)
Adjustments in respect of prior periods	**(28)**	(200)
Deferred tax rate change	**(44)**	(7)
Total current tax charge (see above)	**900**	496

Notes *(continued)*

8 Dividends

The aggregate amount of dividends comprises:

	Year ended 27 June 2016 £000	15 month period ended 27 June 2015 £000
Final dividends paid in respect of current period	**400**	2,700

£nil ordinary dividends are recognised as liabilities as at the period end *(2015: £nil).*

9 Profit of the parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these accounts.

The consolidated profit and loss account of the period includes a profit for the financial period of £5,212,000 *(2015: loss - £6,253,000)* which are dealt with in the accounts of the company.

10 Intangible fixed assets

Group

	Customer relationships £000	Licences £000	Research & Development £000	Goodwill £000	Total £000
Cost					
At 28 June 2015	1,911	476	-	7,061	9,448
Additions	-	-	91	-	91
At 2 July 2016	**1,911**	**476**	**91**	**7,061**	**9,539**
Amortisation					
At 28 June 2015	523	172	-	1,637	2,332
Charge for the period	118	17	-	352	487
At 2 July 2016	**641**	**189**	**-**	**1,989**	**2,819**
Net book value at 2 July 2016	**1,270**	**287**	**91**	**5,072**	**6,720**
Net book value at at 28 June 2015	1,388	304	-	5,424	7,116

Notes *(continued)*

11 Tangible fixed assets

Group	Investment Properties £000	Land and Buildings £000	Heritage assets £000	Plant, equipment and motor vehicles £000	Total £000
Cost or valuation					
At 28 June 2015	2,633	12,546	698	30,536	46,413
Additions	-	1,545	20	3,871	5,436
Disposals	-	(660)	-	(41)	(701)
At 2 July 2016	**2,633**	**13,431**	**718**	**34,366**	**51,148**
Depreciation and impairment					
At 28 June 2015	-	2,479	-	7,006	9,485
Depreciation charge for the period	-	255	-	2,459	2,714
Impairment charge for the period	-	-	-	1,572	1,572
Eliminated on disposals	-	-	-	-	-
At 2 July 2016	-	**2,734**	-	**11,037**	**13,771**
Net book value at 2 July 2016	**2,633**	**10,697**	**718**	**23,329**	**37,377**
Net book value at 28 June 2015	2,633	10,067	698	23,530	36,928

Investment properties are mainly freehold, with the exception of £344,000 *(2015: £344,000)* which is long leasehold. Investment properties are revalued annually by the directors on an open market basis. The directors confirm that the value of these properties is not significantly different from their market value at 2 July 2016.

Included within land and buildings is £3,705,000 *(2015: £3,705,000)* of land which is not being depreciated. Land and buildings are mainly freehold with the exception of £2,062,000 *(2015: £1,734,000)* which is long leasehold.

At the date of transition to FRS 102, the revalued plant and machinery has been valued at deemed cost as a result of a previous GAAP revaluation dated 29 March 2014, and in accordance with section 35 of FRS 102.

Notes *(continued)*

11 Tangible fixed assets *(continued)*

Company	Heritage assets £000	Plant, equipment and motor vehicles £000	Total £000
Cost			
At 28 June 2015	698	114	812
Additions	20	2	22
At 2 July 2016	**718**	**116**	**834**
Depreciation			
At 28 June 2015	-	87	87
Charge for the period	-	11	11
At 2 July 2016	**-**	**98**	**98**
Net book value at 2 July 2016	**718**	**18**	**736**
Net book value at 28 June 2015	698	27	725

Heritage assets represent paintings purchased during the current and prior years. They are held at market value, considered to be equal to their cost in the year of acquisition.

Notes *(continued)*

12 Investments

Group	**Interest in Joint venture £000**
Cost	
At 28 June 2015 and 2 July 2016	**1,000**
Share of post acquisition reserves	
At 28 June 2015	(3,685)
Retained losses	-
At 2 July 2016	**(3,685)**
Net book value	
At 2 July 2016	**(2,685)**
At 28 June 2015	(2,685)

Interest in joint venture

This represents a 50% holding of the equity shares of Ocsaif Limited. The Group's share of the operating results of Ocsaif Limited from its incorporation to 2 July 2016 is included in the Group result.

Interest in associate

The interest in the associate represents 35% of the equity shares of Tooting Broadway Limited. The Group's share of the operating results of the associate from incorporation to 2 July 2016 was £nil and the Group's interest in the net assets of the associate is equal to the Group's investment in the associate of £177.

Group	**Other Investments £000**
Cost	
At 28 June 2015 and 2 July 2016	**47**
Provision for diminution in value	
At 28 June 2015 and 2 July 2016	-
Net book value	
At 2 July 2016	**47**
At 28 June 2015	47

Listed investments costing £29,829 had a market value of £86,000 as at 2 July 2016.

Notes *(continued)*

12 Investments *(continued)*

Company

	Shares in Group undertakings £000	Listed Investments £000	Total £000
Cost			
At 28 June 2015	17,404	30	17,434
Additions	24,690	-	24,690
Disposals	-	-	-
At 2 July 2016	42,094	30	42,124
Provision for diminution in value			
At 28 June 2015	-	-	-
Eliminated on disposals	-	-	-
At 2 July 2016	-	-	-
Net book value at 2 July 2016	42,094	30	42,124
Net book value at 28 June 2015	17,404	30	17,434

A full listing of the group companies is provided at note 21.

13 Stocks

	Group		Company	
	July 2016 £000	June 2015 £000	**July 2016 £000**	June 2015 £000
Raw materials and consumables	**2,039**	2,588	-	-
Work in progress	**2,410**	3,452	-	-
Finished goods	**756**	1,508	-	-
	5,205	7,548	-	-

14 Debtors

	Group		Company	
	July 2016 £000	June 2015 £000	**July 2016 £000**	June 2015 £000
Trade debtors	**8,813**	7,020	-	-
Other debtors	**3,275**	3,151	**464**	340
Corporation tax	-	204		242
Prepayments and accrued income	**1,340**	2,048	**164**	52
Amounts due from subsidiaries	-	-	**13,235**	30,652
Deferred taxation asset *(see note 16)*	-	-	**10**	8
	13,428	12,423	**13,873**	31,294

Notes *(continued)*

15 Creditors

	Group		Company	
	July 2016	June 2015	**July 2016**	June 2015
	£000	£000	**£000**	£000
Amounts falling due within one year				
Other loans	**600**	600	**600**	600
Shareholder loan stock	**3,450**	3,450	**3,450**	3,450
Amounts due to subsidiaries	**-**	-	**4,531**	-
Trade creditors	**5,614**	5,565	**46**	70
Corporation tax	**401**	-	**995**	-
Other taxation and social security	**776**	379	**105**	111
Other creditors	**9,090**	-	**1**	-
Accruals				
Shareholder loan stock interest	**432**	183	**432**	183
Other loan interest	**76**	76	**76**	76
Other	**2,656**	2,441	**326**	301
	23,095	12,694	**10,562**	4,791
Amounts falling due after more than one year				
Other loans	**1,800**	2,400	**1,800**	2,400

Other loans can be analysed as:

Due after one year and less than two	**600**	600	**600**	600
Due after two years and less than five	**1,200**	1,800	**1,200**	1,800
	1,800	2,400	**1,800**	2,400

Other loans include a loan from The A J Cook Pension Scheme for £3m drawn on 22 December 2014. The loan is repayable by equal annual instalments over a period of five years commencing one year from drawdown. Interest is payable at a fixed rate of 5% per annum and the loans are secured by a fixed and floating charge over the assets of the Group. These loans are considered to be related party transactions as Sir Andrew Cook is both a Trustee of the A J Cook Pension Scheme and a Director of William Cook Holdings Limited.

Notes *(continued)*

16 Provisions for liabilities and charges

	Deferred taxation £000	Other provisions £000	Total £000
Group			
At 28 June 2015	582	211	793
Utilised during period	-	(7)	(7)
Charged to the profit and loss account	177	-	177
At 2 July 2016	**759**	**204**	**963**
Company			
At 28 June 2015	(8)	-	(8)
Credited to the profit and loss account	**(2)**	-	**(2)**
At 2 July 2016 and 28 June 2015	**(10)**	-	**(10)**

	Group		Company	
	July 2016 £000	June 2015 £000	**July 2016 £000**	June 2015 £000
The elements of deferred taxation are as follows:				
Difference between accumulated depreciation and amortisation and capital allowances	**806**	675	**(3)**	(4)
Other timing differences	**(47)**	(93)	**(7)**	(4)
Undiscounted provision	**759**	582	**(10)**	(8)
Deferred tax asset *(see note 14)*	-	-	**(10)**	(8)

Other provisions comprise £87,000 relating to possible employers' liability insurance claims prior to 1990 and £117,000 for potential future payments under a self insured employers' liability insurance policy.

Notes *(continued)*

17 Called up share capital

Allotted and fully paid	July 2016 Number	July 2016 £	June 2015 Number	June 2015 £
Ordinary shares of 1 pence each*	37,624,720	376,247	37,724,720	377,247

* The ordinary share capital is divided as below:

	July 2016 Authorised Number	July 2016 Allotted Number	June 2015 Authorised Number	June 2015 Allotted Number
A shares	25,891,177	25,891,177	25,891,177	25,891,177
B shares	6,772,447	6,772,447	6,772,447	6,772,447
C1 shares	3,820,198	3,820,198	3,820,198	3,820,198
C2 shares	-	-	140,898	140,898
C2a shares	35,226	35,226	-	-
C2b shares	35,224	35,224	-	-
C2c shares	35,224	35,224	-	-
C2d shares	35,224	35,224	-	-
C3 shares	1,000,000	1,000,000	1,000,000	1,000,000
D shares	300,000	-	400,000	100,000
E shares	1,000,000	-	1,000,000	-
	38,924,720	37,624,720	39,024,720	37,724,720

18 Share premium and reserves

Group	Revaluation reserve £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000
At 28 June 2015	2,277	15,591	1,404	36,378
Profit for the financial period	-	-	-	868
Dividends	-	-	-	(400)
Purchase of own shares	-	-	1	-
Cancelled shares	-	-	-	(10)
At 2 July 2016	2,277	15,591	1,405	36,836

Notes *(continued)*

18 Share premium and reserves *(continued)*

Company

	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000
At 28 June 2015	15,591	1,404	31,021
Profit for the financial period	-	-	5,212
Dividends	-	-	(400)
Purchase of own shares	-	1	-
Cancelled shares	-	-	(10)
At 2 July 2016	**15,591**	**1,405**	**35,823**

The cumulative amount of positive goodwill resulting from the acquisition of William Cook plc on 25 February 1997 which has been written off to reserves is £11,962,000 *(2015: £11,962,000)*.

19 Commitments

Capital commitments

	Group		Company	
	July 2016 £000	June 2015 £000	**July 2016 £000**	June 2015 £000
Contracted but not provided for	**407**	1,766	-	-
Authorised but not contracted for	-	-	-	-

Operating lease commitments

Minimum lease payments under non-cancellable operating leases fall due as follows:

	Group		Company	
	July 2016 £000	June 2015 £000	**July 2016 £000**	June 2015 £000
Within one year	**319**	324	**36**	52
Within two to five years	**549**	721	**23**	59
After five years	**4,047**	3,522	-	-
	4,915	4,567	**59**	111

Notes *(continued)*

20 Contingent liabilities

Group contingent liabilities relating to guarantees, performance bonds and other items of a normal trading nature amounted to £939,000 *(2015: £1,066,000)*.

William Cook Holdings Limited has given guarantees in respect of bank indebtedness of subsidiary undertakings, which amounted to £4,411,000 *(2015: £2,155,000)*.

21 Group companies

The companies in the Group at 2 July 2016 were:

	Activity
Ultimate Parent Company	
William Cook Holdings Limited	Holding Company
Subsidiary Companies	
William Cook Limited	Dormant
William Cook Cast Products Limited	Management services and operational holding company
William Cook Leeds Limited	Steel casting and engineering
William Cook Integrity Limited	Steel casting and engineering
William Cook Precision Limited	Steel casting and engineering
William Cook Stanhope Limited	Manufacture of defence equipment
Cook Defence Systems Limited	Design and sale of defence equipment
William Cook Machine Shop (Leeds) Limited	Machining
William Cook NDT Limited	Non-destructive testing
William Cook Master Patterns Limited	Tooling, die and pattern manufacture
William Cook Rail Limited	Specialist engineering services for the rail industry
Glentworth Rail Limited	Dormant
William Cook Properties Limited	Commercial property management
William Cook Estates Limited	Development property management
William Cook Aviation Limited	Aircraft charter
William Cook Marine Limited	Yacht charter
Swiss Classic Train GmbH	Operation of heritage trains
William Cook Leaseholds Limited	Management of leasehold properties
William Cook Intermodal Limited	Special products for freight transport
William Cook Publishing Limited	Publishing

All the above subsidiary companies are wholly owned.

Joint Venture	
Ocsaif Limited (50% share in joint venture)	Dormant
Associate Venture	
Tooting Broadway Limited (35% share in associate)	Film production

With the exception of William Cook Marine Limited and Swiss Classic Train GmbH, all the above companies are registered in England & Wales and trade mainly in the United Kingdom. William Cook Marine Limited is registered in the Isle of Man and Swiss Classic Train GmbH is registered in Switzerland.

Notes *(continued)*

22 Pension commitments

The Group operates a defined contribution pension scheme. The assets are held separately from those of the Group.

The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £225,662 *(2015: £349,595)*.

Accrued contributions at 2 July 2016 are £nil *(2015: £20,366)*.

23 Reconciliation of operating profit to operating cash flows

	Year ended 2 July 2016	15 month period ended 27 June 2015
	£000	£000
Profit on ordinary activities before interest	**2,109**	2,489
Depreciation charge	**2,714**	3,035
Impairment charge	**1,572**	-
Profit on disposal of fixed assets	**(670)**	(105)
Amortisation of goodwill and other intangible assets	**487**	655
(Increase)/decrease in stocks	**2,343**	(975)
Decrease in debtors	**(1,213)**	2,724
Decrease in creditors	**9,751**	(1,565)
Decrease in provisions	**(7)**	(1)
Cash inflow from operating activities	**17,086**	6,257

24 Analysis of net funds/(debt)

	27 June 2015 £000	Non-cash movements £000	Cash flows £000	2 July 2016 £000
Cash at bank and in hand	10,537	-	11,714	22,251
Debt due within one year	(4,050)	(600)	600	(4,050)
Debt due after one year	(2,400)	600	-	(1,800)
	(6,450)	-	600	(5,850)
Total	4,087	-	12,314	16,401

25 Related party transactions

The A J Cook Pension Scheme
Loans made to the company by The A J Cook Pension Scheme, are detailed at note 15.

Sir Andrew Cook CBE
Sir Andrew Cook is a director and the ultimate controlling party of the group and company.

During the financial period, the company has advanced loans to Sir Andrew Cook, and the maximum amount owing to the company during the financial period in respect of these loans was £437,758. No interest was payable on these loans.

Notes *(continued)*

25 Related party transactions *(continued)*

The amount due from Sir Andrew Cook at 2 July 2016 was £437,758 (*2015:* £332,731).

26 Ultimate controlling party

The ultimate controlling party of the Group and Company is considered to be Sir Andrew Cook CBE.

27 First year adoption

Transitional relief

On transition to FRS 102, the Group has taken advantage of the following transitional relief:

- To use a previous GAAP revaluation as deemed cost on an item of property, plant and equipment.

Reconciliation of equity
at 27 June 2015

	UK GAAP £000	Effect of Transition To FRS 102 £000	FRS 102 £000
Fixed assets			
Intangible assets	7,116	-	7,116
Tangible assets	36,928	-	36,928
Investment in joint venture			
Share of gross assets	6	-	6
Share of gross liabilities	(2,691)	-	(2,691)
	(2,685)	-	(2,685)
Investment in subsidiaries and other investments	47	-	47
	(2,638)	-	(2,638)
	41,406	-	41,406
Current assets			
Stocks	7,548	-	7,548
Debtors	12,423	-	12,423
Cash at bank and in hand	10,537	-	10,537
	30,508	-	30,508
Creditors: amounts falling due within one year	(12,694)	-	(12,694)
Net current assets	17,814	-	17,814
Total assets less current liabilities	59,220	-	59,220
Creditors: amounts falling due after more than one year	(2,400)	-	(2,400)
Provisions for liabilities and charges	(793)	-	(793)
Net assets	56,027	-	56,027
Capital and reserves			
Called up share capital	377	-	377
Share premium account	15,591	-	15,591
Capital redemption reserve	1,404	-	1,404
Revaluation reserve	2,042	235	2,277
Profit and loss account	36,613	(235)	36,378
Shareholders' funds	56,027	-	56,027

Notes to the reconciliation of equity

The revaluation reserve arising on the revaluation of plant and machinery at 29 March 2014 has been frozen at that date, and the deemed cost of the plant and machinery taken as the valuation at that date. Consequently, the elimination of revaluation reserve released through the Statement of Total Recognised Gains and Losses has been backed out of the financial statements at the date of transition to FRS 102.