

NORCO GROUP LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 29 SEPTEMBER 2015



NORCO GROUP LIMITED

COMPANY INFORMATION

Directors

Mr I Sharp
Mr W Tombleson
Mr A M McCarle
Mr J P Roy
Mr L G Robertson
Mrs L I McCombie

Secretary

Blackadders LLP

Company number

SC235198

Registered office

30 & 34 Reform Street
DUNDEE
DD1 1RJ

Auditors

Johnston Carmichael LLP
Bishop's Court
29 Albyn Place
ABERDEEN
AB10 1YL

NORCO GROUP LIMITED

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NORCO GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 29 SEPTEMBER 2015

The directors present the strategic report and financial statements for the year ended 29 September 2015.

Review of the business

The company's principal activity continued to be that of sale, servicing and rental of industrial batteries including UPS systems and the provision of manpower to a variety of industries including offshore.

The financial statements represent the company's trading period from 30 September 2014 to 29 September 2015.

As shown in the company's profit and loss account, turnover for the year has fallen slightly to £7.9m and operating profits are at a similar level to last year at just over £1m. The directors consider this to be another strong set of results, reflecting the ongoing success of, and investment in, the business.

The company's strong financial position at the year-end has ensured that continued investment in people and facilities since September has led to further improvements in sales and more importantly margin.

Principal risks and uncertainties

Market and economic risk

The majority of the company's goods and services are to the UK market and therefore the company is exposed to market and economic risks within the UK. Given the recent difficult trading conditions throughout the recent recession the business has performed exceptionally well due to our strategy and workforce which we see continuing some time yet.

The key business risks and uncertainties affecting the Company are related to competition, part seasonality and cyclicity. In particular, the rental market remains highly competitive with large national together with smaller local and regional operators, the main threat. Nevertheless our customer base is diverse enough that we remain confident that this threat is minimal particularly as our rates are lower than most.

Economic factors affecting the industry

While the economic situation is far from ideal, there are signs of recovery and accordingly business generated for the coming year is in line with 2015. In addition, we are noticing an uplift in battery rental which is partly driven by the continued upsurge in internet shopping. This involves major distribution companies requiring additional equipment. The well publicised difficulties in the Oil and Gas sector are also a factor, but is offset by the excellent relationship maintained with the major clients and the service offered being of a very high standard. The support we provide to the offshore market is fundamental to maintain certain safety aspects which remain important even during any decommissioning exercise.

Bank funding and liquidity risk

Norco Group has funding arrangements in place with the Bank of Scotland to provide working capital at appropriate levels, as well as funding for growth when required.

Through existing cash flow and bank funding, the business is well placed to continue to grow over the next few years. Bank debt has reduced significantly over the last five years with only a working capital overdraft remaining, with the Term Loan repaid since the year end. Future growth will be funded through the continuation of an Invoice Discounting facility which provides the appropriate flexibility. As investment in the fleet of batteries is no longer a major requirement cash flow is strong and more than sufficient to meet the Company's requirements for the immediate future.

NORCO GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2015

Development and performance of the company's business over the year

While the main focus remains industrial battery sales, service and rental, we have seen a marked increase in business through our mobile telephone mast monitoring and UPS divisions. Given the difficulties in the market, we have seen a slight dip in our manpower provision (offshore) although there are signs that market share is being maintained.

A number of significant onshore service contracts were successfully gained during the year, which will provide work for the next few years. Rental rates have gradually been increased to be more in line with market expectations and this trend will continue going forward. The average rental fleet size and utilisation was similar to last year. Capital expenditure was maintained at a reasonable level as the asset base was considered sufficient to cover the contracts secured.

Key performance indicators

The key performance indicators used to measure and monitor the performance of the business are gross margin and cash management. Sales have shown a good increase over the last five years despite the small drop off this year and with contracts in place sufficient to cover the next 12 months close monitoring of further sales growth will be a key priority.

Future developments

The business will continue to focus on existing customer contracts as well as seeking new opportunities in the marketplace. The directors do not envisage any significant changes in the company's operations over the next 12 months.

The Research and Development (R&D) side of the business is expanding and recently completed the development of the first product and sales are now starting to flow through. In addition project work for clients is becoming more of a feature which is only possible due to the R&D area in place.

On behalf of the board



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Mr I Sharp

Director

23/6/16
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NORCO GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 29 SEPTEMBER 2015

The directors present their report and financial statements for the year ended 29 September 2015.

Results and dividends

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

Directors

The following directors have held office since 30 September 2014:

Mr I Sharp
Mr W Tombleson
Mr A M McCarle
Mr J P Roy
Mr L G Robertson
Mrs L I McCombie

Auditors

The auditors, Johnston Carmichael LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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

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

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors 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 auditors are aware of that information.

On behalf of the board


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Mr I Sharp

Director

.....
23/6/16
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NORCO GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORCO GROUP LIMITED

We have audited the financial statements of Norco Group Limited for the year ended 29 September 2015 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).

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 auditors' 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 auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. 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 29 September 2015 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 matter prescribed by the Companies Act 2006

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

NORCO GROUP LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF NORCO GROUP LIMITED

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, 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.



Brian Moran (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

23rd June 2016
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Chartered Accountants
Statutory Auditor

Bishop's Court
29 Albyn Place
ABERDEEN
AB10 1YL

NORCO GROUP LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 29 SEPTEMBER 2015

	Notes	2015 £	2014 £
Turnover	2	7,948,793	8,609,576
Cost of sales		(4,923,077)	(5,724,080)
Gross profit		<u>3,025,716</u>	<u>2,885,496</u>
Administrative expenses		(2,012,288)	(1,807,649)
Operating profit	3	<u>1,013,428</u>	<u>1,077,847</u>
Interest payable and similar charges	4	(46,065)	(64,246)
Profit on ordinary activities before taxation		<u>967,363</u>	<u>1,013,601</u>
Tax on profit on ordinary activities	5	197,064	(55,071)
Profit for the year	15	<u><u>1,164,427</u></u>	<u><u>958,530</u></u>

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

There are no recognised gains and losses other than those passing through the profit and loss account.

NORCO GROUP LIMITED

BALANCE SHEET

AS AT 29 SEPTEMBER 2015

	Notes	2015		2014	
		£	£	£	£
Fixed assets					
Tangible assets	7		998,209		920,668
Current assets					
Stocks	9	134,149		169,249	
Debtors: amounts falling due within one year	10	2,276,305		2,590,248	
Debtors: amounts falling due after more than one year	10	1,631,106		1,631,106	
Cash at bank and in hand		432		432	
		<u>4,041,992</u>		<u>4,391,035</u>	
Creditors: amounts falling due within one year	11	<u>(1,955,752)</u>		<u>(2,882,836)</u>	
Net current assets			<u>2,086,240</u>		<u>1,508,199</u>
Total assets less current liabilities			<u>3,084,449</u>		<u>2,428,867</u>
Creditors: amounts falling due after more than one year	12		<u>(116,531)</u>		<u>(225,376)</u>
			<u>2,967,918</u>		<u>2,203,491</u>
Capital and reserves					
Called up share capital	14		150,000		150,000
Share premium account	15		150,000		150,000
Profit and loss account	15		2,667,918		1,903,491
Shareholders' funds	16		<u>2,967,918</u>		<u>2,203,491</u>

Approved by the Board and authorised for issue on 23/6/16


Mr I Sharp
Director

Company Registration No. SC235198

NORCO GROUP LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 29 SEPTEMBER 2015

	£	2015 £	£	2014 £
Net cash inflow from operating activities		829,752		1,200,584
Returns on investments and servicing of finance				
Interest paid	(46,065)		(64,246)	
Net cash outflow for returns on investments and servicing of finance		(46,065)		(64,246)
Taxation		(19,726)		(156,116)
Capital expenditure				
Payments to acquire tangible assets	(654,793)		(325,412)	
Receipts from sales of tangible assets	212,631		162,238	
Net cash outflow for capital expenditure		(442,162)		(163,174)
Net cash inflow before management of liquid resources and financing		321,799		817,048
Financing				
Dividends paid	(400,000)		(420,000)	
Loan to related party	-		(206,106)	
Loan from directors' and shareholders' loans	191,297		393,707	
Repayment of long term bank loan	(202,790)		(202,039)	
Capital element of hire purchase contracts	30,455		(11,070)	
Net cash outflow from financing		(381,038)		(445,508)
(Decrease)/Increase in cash in the year		(59,239)		371,540

NORCO GROUP LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 29 SEPTEMBER 2015

1 Reconciliation of operating profit to net cash outflow from operating activities		2015	2014
		£	£
Operating profit		1,013,428	1,077,847
Depreciation of tangible assets		495,446	680,998
Profit on disposal of tangible assets		(130,825)	(99,329)
Decrease/(increase) in stocks		35,100	(42,545)
Decrease/(increase) in debtors		484,774	(206,635)
(Decrease)/increase in creditors within one year		(1,068,171)	(209,752)
Net cash inflow from operating activities		829,752	1,200,584
2 Analysis of net debt	30 September 2014	Cash flow	Other non-29 September 2015
	£	£	£
Net cash:			
Cash at bank and in hand	432	-	432
Bank overdrafts	(48,290)	(59,239)	(107,529)
	(47,858)	(59,239)	(107,097)
Debt:			
Finance leases	(102,449)	99,234	(129,689)
Debts falling due within one year	(531,697)	76,692	(191,297)
Debts falling due after one year	(173,266)	126,098	(47,168)
	(807,412)	302,024	(320,986)
Net debt	(855,270)	242,785	(933,471)
3 Reconciliation of net cash flow to movement in net debt		2015	2014
		£	£
(Decrease)/increase in cash in the year		(59,239)	371,540
Cash outflow from decrease in debt and lease financing		302,024	427,849
Change in net debt resulting from cash flows		242,785	799,389
New finance lease		(129,689)	(64,740)
Other non cash changes		(191,297)	(311,372)
Movement in net debt in the year		(78,201)	423,277
Opening net debt		(855,270)	(1,278,547)
Closing net debt		(933,471)	(855,270)

NORCO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 SEPTEMBER 2015

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

The results presented in these financial statements relate to the company only. The subsidiary companies are dormant, not material and are therefore not consolidated.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts and is recognised at point of delivery for goods, and for services as they are rendered.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings leasehold	Straight line over 5 years
Batteries	Straight line over 4 years
Plant and machinery	Straight line over 4 years
Computer equipment	Straight line over 2 - 3 years
Fixtures, fittings & equipment	Straight line over 3 years
Motor vehicles	Straight line over 3 - 5 years

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

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

1.7 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.8 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

NORCO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2015

1 Accounting policies (Continued)

1.9 Research and development expenditure

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2015	2014
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	495,446	680,998
Operating lease rentals	109,500	123,024
Fees payable to the company's auditors for the audit of the accounts	19,550	19,550
Fees payable to the company's auditors in relation to other services	7,000	9,600
and after crediting:		
Profit on disposal of tangible assets	(130,825)	(99,329)
	<u>46,065</u>	<u>64,246</u>
4 Interest payable	2015	2014
	£	£
On bank loans and overdrafts	40,024	54,802
Hire purchase interest	6,041	5,704
Other interest	-	3,740
	<u>46,065</u>	<u>64,246</u>

NORCO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2015

5	Taxation	2015 £	2014 £
	Domestic current year tax		
	U.K. corporation tax	137,209	234,144
	Previous period overprovision	(334,273)	(179,073)
	Total current tax	<u>(197,064)</u>	<u>55,071</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>967,363</u>	<u>1,013,601</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.50% (2014 - 22.00%)	<u>198,309</u>	<u>222,992</u>
	Effects of:		
	Non deductible expenses	2,257	701
	Depreciation in excess of capital allowances	-	10,451
	Capital allowances in excess of depreciation	(67,718)	-
	Fixed asset differences	2,941	-
	Adjustments to previous periods	(334,273)	(179,073)
	Marginal relief	(1,035)	-
	Other short term timing differences	2,455	-
		<u>(395,373)</u>	<u>(167,921)</u>
	Current tax charge for the year	<u>(197,064)</u>	<u>55,071</u>
6	Dividends	2015 £	2014 £
	Ordinary final dividend	<u>400,000</u>	<u>420,000</u>

NORCO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2015

7 Tangible fixed assets

	Leasehold land and buildings	Batteries	Plant and machinery	Total
	£	£	£	£
Cost				
At 30 September 2014	116,755	7,892,423	1,240,148	9,249,326
Additions	80,900	318,539	255,354	654,793
Disposals	-	(338,736)	(119,245)	(457,981)
At 29 September 2015	197,655	7,872,226	1,376,257	9,446,138
Depreciation				
At 30 September 2014	68,564	7,325,312	934,782	8,328,658
On disposals	-	(269,771)	(106,404)	(376,175)
Charge for the year	19,895	316,913	158,638	495,446
At 29 September 2015	88,459	7,372,454	987,016	8,447,929
Net book value				
At 29 September 2015	109,196	499,772	389,241	998,209
At 29 September 2014	48,191	567,111	305,366	920,668

The net book value of plant and machinery includes £188,584 (2014 - £155,617) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £67,647 (2014 - £57,228) for the year.

NORCO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2015

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 30 September 2014 & at 29 September 2015	1,238,218
Provisions for diminution in value	
At 30 September 2014 & at 29 September 2015	1,238,218
Net book value	
At 29 September 2015	-
At 29 September 2014	-

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Norco Batteries (UK) Limited	Scotland	Ordinary	100.00
Norco Energy Limited	Scotland	Ordinary	100.00
Norco Rentals Limited	Scotland	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves 2015 £	Profit/(loss) for the year 2015 £
	Principal activity		
Norco Batteries (UK) Limited	Dormant	-	-
Norco Energy Limited	Dormant	1	-
Norco Rentals Limited	Dormant	1	-

9 Stocks

	2015 £	2014 £
Finished goods and goods for resale	134,149	169,249

NORCO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2015

10 Debtors	2015 £	2014 £
Trade debtors	1,693,621	2,146,135
Amounts owed by related party	1,631,106	1,631,106
Corporation tax	349,538	178,707
Other debtors	35,725	51,741
Prepayments and accrued income	197,421	213,665
	<u>3,907,411</u>	<u>4,221,354</u>

Amounts falling due after more than one year and included in the debtors above are:

	2015 £	2014 £
Amounts owed by related party	<u>1,631,106</u>	<u>1,631,106</u>

11 Creditors: amounts falling due within one year	2015 £	2014 £
Bank loans and overdrafts	251,162	268,615
Net obligations under hire purchase contracts	63,541	50,339
Trade creditors	508,047	701,885
Amounts due to invoice finance	73,747	870,637
Taxation and social security	355,407	446,231
Other creditors and accruals	703,848	545,129
	<u>1,955,752</u>	<u>2,882,836</u>

Bank of Scotland hold a bond and floating charge over the assets of the company in respect of bank borrowings.

The hire purchase contracts are secured against the assets to which they relate.

NORCO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2015

12 Creditors: amounts falling due after more than one year	2015 £	2014 £
Bank loans	47,168	173,266
Net obligations under hire purchase contracts	69,363	52,110
	<u>116,531</u>	<u>225,376</u>
Analysis of loans		
Wholly repayable within five years	190,801	393,591
	<u>190,801</u>	<u>393,591</u>
Included in current liabilities	(143,633)	(220,325)
	<u>47,168</u>	<u>173,266</u>
Loan maturity analysis		
In more than one year but not more than two years	143,633	148,670
In more than two years but not more than five years	47,168	24,596
	<u>190,801</u>	<u>173,266</u>
Net obligations under hire purchase contracts		
Repayable within one year	63,541	50,339
Repayable between one and five years	69,363	52,110
	<u>132,904</u>	<u>102,449</u>
Included in liabilities falling due within one year	(63,541)	(50,339)
	<u>69,363</u>	<u>52,110</u>

13 Retirement Benefits

Defined contribution scheme

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. During the year, the following contributions were made:

	2015 £	2014 £
Contributions payable by the company for the year	<u>55,528</u>	<u>17,895</u>

NORCO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2015

14 Share capital	2015	2014
	£	£
Allotted, called up and fully paid		
300,000 Ordinary A shares of 10p each	30,000	30,000
480,000 Ordinary B shares of 10p each	48,000	48,000
300,000 Ordinary C shares of 10p each	30,000	30,000
420,000 Ordinary D shares of 10p each	42,000	42,000
	<u>150,000</u>	<u>150,000</u>
	<u><u>150,000</u></u>	<u><u>150,000</u></u>
15 Statement of movements on reserves	Share premium account	Profit and loss account
	£	£
Balance at 30 September 2014	150,000	1,903,491
Profit for the year	-	1,164,427
Dividends paid	-	(400,000)
Balance at 29 September 2015	<u>150,000</u>	<u>2,667,918</u>
	<u><u>150,000</u></u>	<u><u>2,667,918</u></u>
16 Reconciliation of movements in Shareholders' funds	2015	2014
	£	£
Profit for the financial year	1,164,427	958,530
Dividends	(400,000)	(420,000)
Net addition to shareholders' funds	<u>764,427</u>	<u>538,530</u>
Opening Shareholders' funds	2,203,491	1,664,961
Closing Shareholders' funds	<u>2,967,918</u>	<u>2,203,491</u>
	<u><u>2,967,918</u></u>	<u><u>2,203,491</u></u>

NORCO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 SEPTEMBER 2015

17 Financial commitments

At 29 September 2015 the company was committed to making the following payments under non-cancellable operating leases in the year to 29 September 2016:

	Land and buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
Operating leases which expire:				
Within one year	99,500	-	-	1,580
Between two and five years	-	99,500	4,452	4,452
	<u>99,500</u>	<u>99,500</u>	<u>4,452</u>	<u>6,032</u>

18 Directors' remuneration

	2015	2014
	£	£
Remuneration for qualifying services	550,485	419,482
Company pension contributions to defined contribution schemes	22,185	9,600
	<u>572,670</u>	<u>429,082</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2014 - 5).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	146,421	154,377
Company pension contributions to defined contribution schemes	12,579	6,300
	<u>146,421</u>	<u>154,377</u>

NORCO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2015

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2015 Number	2014 Number
Directors	5	3
Administration	17	13
Traction	31	21
Standby	28	23
	<u>81</u>	<u>60</u>

Employment costs

	2015 £	2014 £
Wages and salaries	2,751,999	2,299,777
Social security costs	288,517	248,014
Other pension costs	55,528	17,895
	<u>3,096,044</u>	<u>2,565,686</u>

20 Control

The company is controlled by the directors.

21 Related party relationships and transactions

Loans to directors

Transactions in relation to loans with directors during the year are outlined in the table below:

Description	% Rate	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
Mr W Tomblason -	-	(111,000)	(19,500)	-	-	(130,500)
Mr I Sharp -	-	(102,372)	(129,797)	-	-	(232,169)
		<u>(213,372)</u>	<u>(149,297)</u>	<u>-</u>	<u>-</u>	<u>(362,669)</u>

NORCO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 SEPTEMBER 2015

21 Related party relationships and transactions

(Continued)

Other transactions

During the year, the company made payments of £32,630 (2014: £24,540) to ASCK Consultants Limited, a company in which Mr A M McCarle, director, is a director and shareholder. The balance due to ASCK Consultants Limited at the year end was £nil (2014: £nil).

During the year, the company advanced funds of £nil (2014: £200,001) to Norco Engineering Limited, a company in which Mr I Sharp, director, is a director and shareholder. The balance due from Norco Engineering at the year end was £1,631,106 (2014: £1,631,106).

The company rents premises from the company pension scheme. During the year, rent of £109,500 (2014: £99,500) was charged. The rent is charged at a market rate. At the year end, the balance owed to the pension scheme was £nil (2014: £nil).

NORCO GROUP LIMITED
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 29 SEPTEMBER 2015

NORCO GROUP LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 29 SEPTEMBER 2015

		2015		2014
	£	£	£	£
Turnover				
Sales		7,948,793		8,609,576
Cost of sales				
Materials	2,631,539		3,573,471	
Wages and salaries (excl. N.I.)	1,873,485		1,529,146	
Employer's NI contributions	193,197		160,796	
Staff pension costs defined contribution	20,293		3,820	
Protective clothing	18,475		10,639	
Depreciation	316,913		545,537	
Profit on sale of tangible assets	(130,825)		(99,329)	
		<u>(4,923,077)</u>		<u>(5,724,080)</u>
Gross profit	38.07%	3,025,716	33.51%	2,885,496
Administrative expenses		<u>(2,012,288)</u>		<u>(1,807,649)</u>
Operating profit		1,013,428		1,077,847
Interest payable				
Bank interest on loans < 5 yrs - paid	23,070		23,817	
Hire purchase interest	6,041		5,704	
Other interest	-		3,740	
Bank interest	16,954		30,985	
		<u>(46,065)</u>		<u>(64,246)</u>
Profit before taxation		<u>967,363</u>		<u>1,013,601</u>

NORCO GROUP LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 29 SEPTEMBER 2015

	2015	2014
	£	£
Administrative expenses		
Wages and salaries (excl. N.I.)	344,542	356,366
Directors' remuneration	533,972	414,265
Employer's NI contributions	95,320	87,218
Directors' contributions on money purchase scheme	22,185	9,600
Staff pension costs defined contribution	13,050	4,475
Recruitment expenses	24,837	-
Staff training	18,874	12,898
Rent	109,500	123,024
Rates	43,849	46,412
Insurance	91,661	98,229
Light and heat	24,492	23,662
Repairs and maintenance	5,415	1,836
Cleaning	1,338	1,073
Security costs	2,324	1,333
Postage	1,837	2,652
Stationery, printing & office supplies	18,444	14,420
Advertising	16,509	13,291
Computer running costs	42,270	67,566
Telephone	20,470	19,125
Hire of equipment	-	1,170
Motor running expenses	164,242	149,038
Travelling expenses	72,844	87,075
Entertaining	8,468	649
Legal and professional fees	34,688	30,114
Accountancy	44,741	11,650
Audit fees	19,550	19,550
Bank charges	46,106	50,050
Bad and doubtful debts	-	9,440
Sundry expenses	5,046	11,809
Subscriptions	7,181	4,198
Depreciation	178,533	135,461
	<u>2,012,288</u>	<u>1,807,649</u>
