

**William Cook Holdings Limited**

**Directors' report and financial  
statements**

**Registered number 3283010**

**For the year ended 30 June 2018**

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## **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  
3<sup>rd</sup> Floor  
2 Whitehall Quay  
Leeds  
LS1 4HR

## Chairman's Report

Following the large loss in the preceding year – the first in the 40 years I have been in charge of the William Cook group, and, I am willing to predict, the last – I am pleased to report that in the year ending June 2018 the group returned to profit. Having said that, the profit was small and even though net cash generated was comfortably greater, there is still some way to go before the group is again delivering satisfactory returns.

These results were not due to any improvement in overall market conditions, but rather to meticulous addressing of the key components of profit, namely, costs and selling prices. On the subject of costs, it is an unfortunate fact that much of the material element of the group's cost structure is controlled by large multi-nationals, is subject to international commodity price movements (generally upwards only), is energy-based, or all three. Labour costs have remained strictly controlled. Accordingly, obtaining more value from the given cost basket has been the main focus of the management team.

Our defence business has remained profitable, despite falling demand for defence equipment and an almost worldwide squeeze on defence spending. An unstable management situation at our Stanhope plant, the epicentre of our defence business, has been resolved. The forward order book is solid and there remains significant scope for margin increase.

As I reported last year, our Leeds-based rail business has been impeded by the British Government's insistence on importing ready-made new trains from Japan, Spain and Switzerland with no requirement for British content. Despite continuing selling efforts to the original equipment manufacturers, in the absence of any contractual requirement to the contrary the train-builders have preferred to stay with their established domestic supply chain. Accordingly, the gleaming new trains which will shortly adorn many of the UK's trunk and commuter routes contain few if any William Cook products. In contrast, and in a sense perversely, new trains as far afield as Canada and Kazakhstan would not be running without their significant William Cook content.

Recognising that in the rail business Britain's future is more in repair and maintenance than new build, the Leeds plant is currently in the throes of expanding its successful coupler refurbishment business to include complete bogie frames and assemblies. This will take until the end of the year, by which time its foundry activities will be secondary to its other engineering and value-generating functions.

I turn now to the cast products business based at the Sheffield plant. Despite huge investment this has still encountered difficulties, chiefly caused by the saturated market, both domestically and overseas, characterised by too many 'me-too' businesses chasing too few orders. Britain, I am sorry to say, is at the forefront of this should-be suicidal tendency, but regrettably it does not always lead to the death of the perpetrator. As I write, at least three competing steel foundries in Britain and France struggle on, despite their mountains of debt, surviving hand to mouth with no strategy beyond their continued survival, yet all the time needlessly depressing market prices. There is a limit to the premium the market is willing to pay for quality and reliability, and until there is a 'cull' of British and European producers similar to that I undertook in the 1980s, I fear the situation will be difficult to change.

In the past 4 years I have worked hard to find and train a management team with the motivation and ability to take the group forward over future years. This work has been necessary at all levels, not just the highest, and there have been several false starts and unsatisfactory appointments on the way. However, I am pleased to report that I have growing confidence in the new team under Chris Seymour and my son William Cook. They are young, energetic and dedicated to the success of the Company. Nevertheless, my hand remains firmly on the tiller, and I look forward to reporting further improved performance when the current year comes to be reviewed by me in 12 months.



**Sir Andrew Cook**  
*Chairman*

Parkway Avenue  
Sheffield  
S9 4UL

22 May 2019

## Strategic Report

### Principal activities

The Group's principal activity during the period was the design and 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 remains challenging. The global trading environment remains particularly difficult, however, the directors continue to pursue improvements, both operationally and financially, and are pleased to report an increase in both sales and profitability compared with the previous year.

Group turnover increased from £41,128,000 in the year ended 1 July 2017 to £48,311,000 in the year ended 30 June 2018.

Gross profit was £8,414,000 in the year ended 30 June 2018 against £6,636,000 in the year ended 1 July 2017. The gross profit margin in the current year was 17.4% compared with 16.1% achieved in the prior period.

Overheads, excluding exceptional items, were £7,300,000 in the current period, compared with £8,610,000 in the year ended 1 July 2017.

The operating profit for the year was £938,000 compared with an operating loss of £3,728,000 in the prior period.

The profit before taxation for the year was £636,000 compared with a loss before tax of £5,834,000 in the prior period. The prior year result was after provision for impairment of fixed assets relating to non-core activities in the sum of £2,014,000, and there is no corresponding cost this year.

In contrast to the other business sectors, the defence business continues to remain robust with a strong forward order book.

There was a cash inflow from operating activities of £5,561,000 in the year ended 30 June 2018 compared with a £1,984,000 outflow in the prior year.

### Balance sheet

Consolidated shareholders' funds are £50,471,000 at 30 June 2018 compared to £51,042,000 at 1 July 2017.

### 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
- 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
- Structural changes in principal markets
- Any impediments to access to the Single European Market
- Chronic excess capacity in the industry causing below cost pricing.

### **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 (2017: 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 (2017: 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 2019. Notwithstanding this, the directors believe the Group to have turned the corner, and for sales and profits to be once again rising towards historic levels.

By order of the board



**Christopher Seymour**  
*Director*

Parkway Avenue  
Sheffield  
S9 4UL

**22** May 2019

## Directors' report

The directors submit their report and the audited accounts for the year ended 30 June 2018.

### Financial assets

The Group's financial assets as at 30 June 2018 included interest bearing cash balances of £17,831,000 (2017: £16,577,000).

There was no difference between the carrying value and the fair value of financial assets as at the period end (2017: no difference).

### Financial liabilities

The Group's financial liabilities as at 30 June 2018 comprised other loans of £1,200,000 (2017: £1,800,000) and shareholder loan stock of £3,450,000 (2017: £3,450,000).

There was no difference between the carrying value and the fair value of financial liabilities as at the period end (2017: no difference).

### Dividends

Dividends paid in the current period total £1,062,015 as set out below:

Class of share		Total dividend £
C1	Interim - 30. 6.2018 (paid 29 June 2018)	1,062,015

### Directors

The following directors held office during the whole of the period from 2 July 2017 to the date of this report:

Sir Andrew Cook CBE

William Cook

Christopher Seymour

Sir Andrew Cook holds 37,624,720 (2017: 37,624,720) ordinary shares in the company at the end of the period, including those shares held by him as trustee of his family trusts and pension scheme.

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

### 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.



## **Directors' report** *(continued)*

### **Political and charitable donations**

During the period, the Group made political donations of £nil (2017: £31,701) and charitable donations amounting to £26,556 (2017: £10,050).

### **Withdrawal of the UK from the EU**

The directors have considered the potential impact of Brexit on the following key areas of the Group's business: the potential loss of staff, loss of customers and disruption to the supply chain.

The Group is not considered to be significantly exposed to risk of the loss of key staff as there is currently limited reliance on EU team members.

The Group generates a significant amount of business with customers based in the EU and as a result, the directors are conscious of the Group's exposure as a result of Brexit. £11,611,000 of current year and £9,707,000 of prior year turnover was generated from customers based in the EU and depending on the terms of any Brexit deal this business may be at risk. The directors continue to engage constructively with our EU trading partners throughout the Brexit process and are confident that these relationships can be maintained.

The Group is not considered to be significantly exposed to risks arising from the impact of Brexit on the supply chain. The directors continue to review sourcing opportunities for all aspects of supply.

Whilst Brexit is not expected to have a significant impact on the business for the reasons set out above, the terms of Brexit remain uncertain, so it is not currently possible to analyse all the potential implications to the Group's activities. The directors will continue to monitor the situation and adapt their plans appropriately to minimise disruption.

### **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



**Christopher Seymour**  
*Director*

Parkway Avenue  
Sheffield  
S9 4UL

May 2019

## **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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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

### Opinion

We have audited the financial statements of William Cook Holdings Limited ("the company") for the year ended 30 June 2018 which comprise the Consolidated Profit and loss Account, Balance Sheets, Consolidated Cash Flow Statement, Group and Company Statements of Changes in Equity and related notes, including the accounting policies in note 1.

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 30 June 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of goodwill and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and

analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

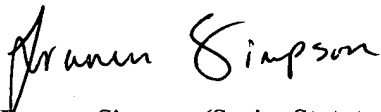
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Frances Simpson (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

31 May 2019

## Consolidated profit and loss account

For the year ended 30 June 2018

	Notes	30 June 2018 £000	1 July 2017 £000
<b>Group turnover</b>	2	<b>48,311</b>	<b>41,128</b>
Cost of sales		(39,897)	(34,492)
<b>Gross profit</b>		<b>8,414</b>	<b>6,636</b>
<b>Net operating expenses</b>			
Operating costs	3	(7,300)	(8,610)
Exceptional operating costs	3	(176)	(1,754)
		<b>(7,476)</b>	<b>(10,364)</b>
<b>Group operating profit/(loss)</b>		<b>938</b>	<b>(3,728)</b>
Share of operating result in joint venture	12	-	-
		<b>938</b>	<b>(3,728)</b>
Insurance settlement		-	127
Impairment of fixed assets relating to non-core activities		-	(2,014)
Profit on disposal of fixed assets		-	88
<b>Profit/(Loss) on ordinary activities before interest</b>		<b>938</b>	<b>(5,527)</b>
<b>Net interest and similar charges payable</b>			
Group	5	(302)	(307)
Joint Venture	12	-	-
<b>Profit/(Loss) on ordinary activities before taxation</b>		<b>636</b>	<b>(5,834)</b>
Taxation	7	(145)	391
<b>Profit/(Loss) for the financial period</b>		<b>491</b>	<b>(5,443)</b>

The group has no items of other comprehensive income and therefore no separate statement of comprehensive income has been presented.

Notes on pages 17-34 form part of the financial statements.

## Balance sheets

at 30 June 2018

	Note	Group		Company	
		June 2018 £000	July 2017 £000	June 2018 £000	July 2017 £000
<b>Fixed assets</b>					
Intangible assets	10	5,745	6,233	-	-
Tangible assets	11	33,218	34,863	877	881
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	34,198	36,419
		(2,638)	(2,638)	34,198	36,419
		36,325	38,458	35,075	37,300
<b>Current assets</b>					
Stocks	13	7,282	5,674	-	-
Debtors	14	15,758	14,402	8,944	10,498
Cash at bank and in hand		17,831	16,577	10,175	6,990
		40,871	36,653	19,119	17,488
<b>Creditors: amounts falling due within one year</b>	15	(25,653)	(22,188)	(6,214)	(5,792)
<b>Net current assets</b>		15,218	14,465	12,905	11,696
<b>Total assets less current liabilities</b>		51,543	52,923	47,980	48,996
<b>Creditors: amounts falling due after more than one year</b>	15	(600)	(1,200)	(600)	(1,200)
<b>Provisions for liabilities and charges</b>	16	(472)	(681)	-	-
<b>Net assets</b>		50,471	51,042	47,380	47,796
<b>Capital and reserves</b>					
Called up share capital	17	376	376	376	376
Share premium account	18	15,591	15,591	15,591	15,591
Capital redemption reserve	18	1,405	1,405	1,405	1,405
Revaluation reserve	18	2,277	2,277	-	-
Profit and loss account	18	30,822	31,393	30,008	30,424
<b>Shareholders' funds</b>		50,471	51,042	47,380	47,796

These financial statements were approved by the board of directors on 22 May 2019 and were signed on its behalf by:



**Christopher Seymour**  
Director

Notes on pages 17-34 form part of the financial statements

## Consolidated cash flow statement

For the year ended 30 June 2018

	Note	30 June 2018 £000	£000	1 July 2017 £000	£000
<b>Cash flow from operating activities</b>	23		5,561		(1,984)
<b>Returns on investments and servicing of finance</b>					
Interest received		11		26	
Interest paid					
On shareholder loan stock		(769)		-	
On other loans		(90)		(131)	
Other interest		(2)		-	
Franked investment income		3		9	
<b>Net cash outflow from returns on investments and servicing of financing</b>			(847)		(96)
<b>Taxation paid</b>			(13)		(420)
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets		(1,985)		(3,484)	
Sales of tangible fixed assets		200		910	
			(1,785)		(2,574)
<b>Equity dividends paid</b>			(1,062)		-
<b>Net cash inflow/(outflow) before financing</b>			1,854		(5,074)
<b>Financing (Being repayments of debt and capital)</b>					
Repayment of borrowings		(600)		(600)	
<b>Net cash outflow from financing</b>			(600)		(600)
<b>Increase/(decrease) in cash</b>			1,254		(5,674)

## Reconciliation of net cash flow to movement in net debt

<b>Increase/(decrease) in cash</b>		1,254	(5,674)
Cash flow from change in debt		600	600
<b>Change in net debt resulting from cash flows</b>	24	1,854	(5,074)
Net funds at 1 July 2017		11,327	16,401
<b>Net funds at 30 June 2018</b>		13,181	11,327

Notes on pages 17-34 form part of the financial statements



***Group statement of Changes in Equity***  
***For the year ended 30 June 2018***

	Called up Share capital	Retained earnings	Capital redemption reserve	Share Premium account	Revaluation reserve	Total equity
	£000	£000	£000	£000	£000	£000
Balance at 2 July 2016	376	36,836	1,405	15,591	2,277	56,485
<b>Changes in equity</b>						
Total comprehensive income	-	(5,443)	-	-	-	(5,443)
Balance at 1 July 2017	376	31,393	1,405	15,591	2,277	51,042
<b>Changes in equity</b>						
Total comprehensive income	-	491	-	-	-	491
Dividends	-	(1,062)	-	-	-	(1,062)
<b>Balance at 30 June 2018</b>	<b>376</b>	<b>30,822</b>	<b>1,405</b>	<b>15,591</b>	<b>2,277</b>	<b>50,471</b>

Notes on pages 17-34 form part of the financial statements

## Company statement of Changes in Equity

*For the year ended 30 June 2018*

	Called up Share capital	Retained earnings	Capital redemption reserve	Share Premium account	Total equity
	£000	£000	£000	£000	£000
Balance at 2 July 2016	376	35,823	1,405	15,591	53,195
<b>Changes in equity</b>					
Total comprehensive income	-	(5,399)	-	-	(5,399)
Balance at 1 July 2017	376	30,424	1,405	15,591	47,796
<b>Changes in equity</b>					
Total comprehensive income	-	646	-	-	646
Dividends	-	(1,062)	-	-	(1,062)
<b>Balance at 30 June 2018</b>	<b>376</b>	<b>30,008</b>	<b>1,405</b>	<b>15,591</b>	<b>47,380</b>

Notes on pages 17-34 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***

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain tangible fixed assets, and in accordance with applicable accounting standards. As part of its normal business practice, budgets, cash flow forecasts and longer term financial projections are prepared and in reviewing this information, the Directors are satisfied that the Group and the Company have adequate resources to enable them to continue in business for the foreseeable future. The Directors have therefore 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 30 June 2018. 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 value less 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%
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#### *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 30 June 2018 £000	Year ended 1 July 2017 £000
<i>Geographical analysis of turnover by destination</i>		
United Kingdom	29,549	29,071
Continental Europe	11,611	9,707
North America	6,428	1,255
Rest of world	723	1,095
	<u>48,311</u>	<u>41,128</u>

### 3 Net operating expenses

	Year ended 30 June 2018 £000	Year ended 1 July 2017 £000
<b>Operating costs</b>		
Distribution costs	864	648
Administrative expenses	6,436	7,962
	<u>7,300</u>	<u>8,610</u>
<b>Exceptional operating costs</b>		
Employment termination	76	896
Reorganisation costs	100	769
Site clearance as a result of fly tipping	-	89
	<u>176</u>	<u>1,754</u>
<b>Total operating costs</b>	<u>7,476</u>	<u>10,364</u>

## Notes (continued)

### 4 Directors and employees

	Year ended 30 June 2018 £000	Year ended 1 July 2017 £000
<b>Directors' remuneration</b>		
Salary	287	272
Benefits in kind	26	34
Pension contributions	14	15
	<u>327</u>	<u>321</u>

Directors' remuneration includes amounts paid to the directors by all Group companies. Emoluments of the highest paid director were £169,000 (2017: £169,000).

	Year ended 30 June 2018 £000	Year ended 1 July 2017 £000
<b>Employees</b>		
Wages and salaries	13,521	13,859
Social security costs	1,262	1,308
Other pension costs	218	228
	<u>15,001</u>	<u>15,395</u>

	Number	Number
<i>Average numbers employed by the Group:</i>		
Factories	349	395
Sales and administration	100	99
	<u>449</u>	<u>494</u>

## Notes (continued)

### 5 Net interest (payable)/receivable

	Year ended 30 June 2018 £000	Year ended 1 July 2017 £000
<b>Group</b>		
Interest payable on shareholder loan stock	(244)	(244)
Interest payable on pension scheme loans	(74)	(100)
Other interest payable	(2)	(1)
	<hr/>	<hr/>
	(320)	(345)
Bank interest receivable	15	29
Income from fixed asset investments	3	9
	<hr/>	<hr/>
	(302)	(307)
	<hr/>	<hr/>

### 6 Profit on ordinary activities before taxation

	Year ended 30 June 2018 £000	Year ended 1 July 2017 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
Auditor's remuneration:		
Audit of these financial statements	9	6
Amounts receivable by auditors in respect of:		
- audit of financial statements of subsidiaries pursuant to legislation	61	83
- other services relating to taxation	45	49
Depreciation		
- owned	3,292	3,112
Impairment of fixed assets	138	50
Profit on disposal of fixed assets	-	(88)
Amortisation of goodwill and other intangible assets	488	487
Hire of plant and machinery	319	573
Other operating leases	279	300
Research and development	160	404
	<hr/>	<hr/>

## Notes (continued)

### 7 Taxation

	Year ended 30 June 2018 £000	Year ended 1 July 2017 £000
Current tax:		
Corporation tax on the profit for the period	443	(16)
Adjustments in respect of prior periods	(91)	(94)
<b>Total current tax charge (see below)</b>	<b>352</b>	<b>(110)</b>
Deferred tax:		
Origination/reversal of timing differences	63	(282)
Adjustments in respect of prior periods	(270)	46
Effect of rate change	-	(45)
<b>Tax on profit on ordinary activities</b>	<b>145</b>	<b>(391)</b>

The current tax charge for the period is higher (2017: higher) than the standard rate of corporation tax in the UK 19% (2017: 19.75%).

The differences are explained below:

	Year ended 30 June 2018 £000	Year ended 1 July 2017 £000
<b>Current tax reconciliation</b>		
Profit/(loss)/ on ordinary activities before tax	636	(5,834)
Current tax at 19% (2017: 19.75%)	121	(1,152)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	391	797
Group dividends	-	(2)
Profit on sale of non qualifying assets	-	(18)
Adjustments in respect of prior periods	(362)	(92)
Deferred tax rate change	(5)	76
<b>Total tax charge/(credit) (see above)</b>	<b>145</b>	<b>(391)</b>



## Notes (continued)

### 8 Dividends

The aggregate amount of dividends comprises:

	Year ended 30 June 2018 £000	Year ended 1 July 2017 £000
Final dividends paid in respect of current period	1,062	-

£Nil ordinary dividends are recognised as liabilities as at the period end (2017: £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 £646,000 (2017: Loss - £5,399,000) 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
<b>Cost</b>					
At 2 July 2017	1,911	476	91	7,061	9,539
<b>At 30 June 2018</b>	<b>1,911</b>	<b>476</b>	<b>91</b>	<b>7,061</b>	<b>9,539</b>
<b>Amortisation</b>					
At 2 July 2017	761	205	-	2,340	3,306
Charge for the period	120	16	-	352	488
<b>At 30 June 2018</b>	<b>881</b>	<b>221</b>	<b>-</b>	<b>2,692</b>	<b>3,794</b>
<b>Net book value at 30 June 2018</b>	<b>1,030</b>	<b>255</b>	<b>91</b>	<b>4,369</b>	<b>5,745</b>
<b>Net book value at 2 July 2017</b>	<b>1,150</b>	<b>271</b>	<b>91</b>	<b>4,721</b>	<b>6,233</b>

## 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
<b>Cost or valuation</b>					
At 2 July 2017	2,633	13,903	738	35,864	53,138
Additions	-	100	-	1,885	1,985
Disposals	-	(250)	-	-	(250)
<b>At 30 June 2018</b>	<b>2,633</b>	<b>13,753</b>	<b>738</b>	<b>37,749</b>	<b>54,873</b>
<b>Depreciation and impairment</b>					
At 2 July 2017	-	3,165	-	15,110	18,275
Depreciation charge for the period	-	319	-	2,973	3,292
Impairment charge for the period	-	-	-	138	138
Eliminated on disposals	-	(50)	-	-	(50)
<b>At 30 June 2018</b>	<b>-</b>	<b>3,434</b>	<b>-</b>	<b>18,221</b>	<b>21,655</b>
<b>Net book value at 30 June 2018</b>	<b>2,633</b>	<b>10,319</b>	<b>738</b>	<b>19,528</b>	<b>33,218</b>
Net book value at 2 July 2017	2,633	10,738	738	20,754	34,863

Investment properties are mainly freehold, with the exception of £344,000 (2017: £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 30 June 2018.

Included within land and buildings is £3,455,000 (2017: £3,705,000) of land which is not being depreciated. Land and buildings are mainly freehold with the exception of £1,964,000 (2017: £1,991,000) 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
<b>Cost</b>			
At 2 July 2017	738	257	995
Additions	-	25	25
	<hr/>	<hr/>	<hr/>
<b>At 30 June 2018</b>	<b>738</b>	<b>282</b>	<b>1,020</b>
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 2 July 2017	-	114	114
Charge for the period	-	29	29
	<hr/>	<hr/>	<hr/>
<b>At 30 June 2018</b>	<b>-</b>	<b>143</b>	<b>143</b>
	<hr/>	<hr/>	<hr/>
<b>Net book value at 30 June 2018</b>	<b>738</b>	<b>139</b>	<b>877</b>
	<hr/>	<hr/>	<hr/>
Net book value at 2 July 2017	738	143	881
	<hr/>	<hr/>	<hr/>

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
<b>Cost</b>	
At 2 July 2017 and 30 June 2018	1,000
	<hr/>
<b>Share of post acquisition reserves</b>	
At 2 July 2017 and 30 June 2018	(3,685)
	<hr/>
<b>Net book value</b>	
At 30 June 2018	(2,685)
	<hr/>
At 2 July 2017	(2,685)
	<hr/>

#### 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 30 June 2018 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 30 June 2018 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
<b>Cost</b>	
At 2 July 2017 and 30 June 2018	47
	<hr/>
<b>Provision for diminution in value</b>	
At 2 July 2017 and 30 June 2018	-
	<hr/>
<b>Net book value</b>	
At 30 June 2018	47
	<hr/>
At 2 July 2017	47
	<hr/>

Listed investments costing £29,829 had a market value of £82,000 as at 30 June 2018.

## Notes (continued).

### 12 Investments (continued)

#### Company

	Shares in Group undertakings £000	Listed Investments £000	Total £000
<b>Cost</b>			
At 2 July 2017 and 30 June 2018	42,094	30	42,124
<b>Provision for diminution in value</b>			
At 2 July 2017	5,705	-	5,705
Charge for the period	2,221	-	2,221
<b>At 30 June 2018</b>	<b>7,926</b>	<b>-</b>	<b>7,926</b>
<b>Net book value at 30 June 2018</b>	<b>34,168</b>	<b>30</b>	<b>34,198</b>
Net book value at 2 July 2017	36,389	30	36,419

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

### 13 Stocks

	Group		Company	
	30 June 2018 £000	1 July 2017 £000	30 June 2018 £000	1 July 2017 £000
Raw materials and consumables	3,214	2,348	-	-
Work in progress	3,393	3,181	-	-
Provisions	(155)	(570)	-	-
Finished goods	830	715	-	-
	<b>7,282</b>	<b>5,674</b>	<b>-</b>	<b>-</b>

### 14 Debtors

	Group		Company	
	30 June 2018 £000	1 July 2017 £000	30 June 2018 £000	1 July 2017 £000
Trade debtors	12,029	9,311	179	-
Other debtors	2,879	3,746	155	946
Corporation tax	-	127	-	-
Prepayments and accrued income	850	1,218	65	306
Amounts due from subsidiaries	-	-	8,531	9,214
Deferred taxation asset (see note 16)	-	-	14	32
	<b>15,758</b>	<b>14,402</b>	<b>8,944</b>	<b>10,498</b>

## Notes (continued)

### 15 Creditors

	30 June 2018	Group 1 July 2017	30 June 2018	Company 1 July 2017
	£000	£000	£000	£000
<b>Amounts falling due within one year</b>				
Other loans	600	600	600	600
Shareholder loan stock	3,450	3,450	3,450	3,450
Amounts due to subsidiaries	-	-	611	9
Trade creditors	9,062	4,907	160	129
Corporation tax	212	-	287	486
Other taxation and social security	665	888	305	178
Other creditors	9,009	8,976	431	-
Accruals				
Shareholder loan stock interest	152	677	152	676
Other loan interest	30	46	30	46
Other	2,473	2,644	188	218
	<u>25,653</u>	<u>22,188</u>	<u>6,214</u>	<u>5,792</u>
<b>Amounts falling due after more than one year</b>				
Other loans	<u>600</u>	<u>1,200</u>	<u>600</u>	<u>1,200</u>
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	-	600	-	600
	<u>600</u>	<u>1,200</u>	<u>600</u>	<u>1,200</u>

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
<b>Group</b>			
At 2 July 2017	476	205	681
Utilised during period	-	(2)	(2)
Charged to the profit and loss account	(207)	-	(207)
<b>At 30 June 2018</b>	<b>269</b>	<b>203</b>	<b>472</b>
<b>Company</b>			
At 2 July 2017	(32)	-	(32)
Charged to the profit and loss account	18	-	18
<b>At 30 June 2018</b>	<b>(14)</b>	<b>-</b>	<b>(14)</b>

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2018</b>	<b>1 July 2017</b>	<b>30 June 2018</b>	<b>1 July 2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
The elements of deferred taxation are as follows:				
Difference between accumulated depreciation and amortisation and capital allowances	319	503	(7)	(26)
Other timing differences	(50)	(27)	(7)	(6)
Undiscounted provision	269	476	(14)	(32)
Deferred tax asset (see note 14)	-	-	(14)	(32)

Other provisions comprise £87,000 relating to possible employers' liability insurance claims prior to 1990 and £116,000 for potential future payments under a self insured employers' liability insurance policy.

## Notes (continued)

### 17 Called up share capital

Allotted and fully paid	30 June 2018 Number	30 June 2018 £	1 July 2017 Number	1 July 2017 £
Ordinary shares of 1 pence each*	37,624,720	376,247	37,624,720	376,247

\* The ordinary share capital is divided as below:

	30 June 2018 Authorised Number	30 June 2018 Allotted Number	1 July 2017 Authorised Number	1 July 2017 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	-	-	-	-
C2a shares	35,226	35,226	35,226	35,226
C2b shares	35,224	35,224	35,224	35,224
C2c shares	35,224	35,224	35,224	35,224
C2d shares	35,224	35,224	35,224	35,224
C3 shares	1,000,000	1,000,000	1,000,000	1,000,000
D shares	300,000	-	300,000	-
E shares	1,000,000	-	1,000,000	-
	<b>38,924,720</b>	<b>37,624,720</b>	<b>38,924,720</b>	<b>37,624,720</b>

### 18 Share premium and reserves

Group	Revaluation reserve £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000
At 2 July 2017	2,277	15,591	1,405	31,393
Profit for the financial period	-	-	-	491
Dividend	-	-	-	(1,062)
<b>At 30 June 2018</b>	<b>2,277</b>	<b>15,591</b>	<b>1,405</b>	<b>30,822</b>



## Notes (continued)

### 18 Share premium and reserves (continued)

Company	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000
At 2 July 2017	15,591	1,405	30,424
Profit for the financial period	-	-	646
Dividend	-	-	(1,062)
<b>At 30 June 2018</b>	<b>15,591</b>	<b>1,405</b>	<b>30,008</b>

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 (2017: £11,962,000).

### 19 Commitments

#### Capital commitments

	Group		Company	
	30 June 2018 £000	1 July 2017 £000	30 June 2018 £000	1 July 2017 £000
Contracted but not provided for	-	-	-	-
Authorised but not contracted for	-	-	-	-

#### Operating lease commitments

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

	Group		Company	
	30 June 2018 £000	1 July 2017 £000	30 June 2018 £000	1 July 2017 £000
Within one year	179	208	32	23
Within two to five years	479	414	112	-
After five years	3,862	3,954	-	-
	<b>4,520</b>	<b>4,576</b>	<b>144</b>	<b>23</b>

## Notes (continued)

### 20 Contingent liabilities

Group contingent liabilities relating to guarantees, performance bonds and other items of a normal trading nature amounted to £1,314,000 (2017: £1,167,000).

William Cook Holdings Limited has given guarantees in respect of bank indebtedness of subsidiary undertakings, which amounted to £7,139,000 (2017: £7,017,000).

### 21 Group companies

The companies in the Group at 30 June 2018 were:

	Activity
<b>Ultimate Parent Company</b>	
William Cook Holdings Limited	Holding Company
<b>Subsidiary Companies</b>	
William Cook Limited	Dormant
William Cook Cast Products Limited	Steel casting and engineering
William Cook Leeds Limited	Steel casting and engineering
William Cook Integrity Limited	Dormant
William Cook Precision Limited	Dormant
William Cook Stanhope Limited	Manufacture of defence equipment
Cook Defence Systems Limited	Design and sale of defence equipment
William Cook (MS) 2018 Limited	Dormant
William Cook NDT Limited	Dormant
William Cook Master Patterns Limited	Dormant
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
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#### Associate Venture

Tooting Broadway Limited (35% share in associate)	Dormant
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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 £217,884 (2017: £227,718).

Accrued contributions at 30 June 2018 are £nil (2017: £nil).

### 23 Reconciliation of operating profit/(loss) to operating cash flows

	Year ended 30 June 2018 £000	Year ended 1 July 2017 £000
Profit/(loss) on ordinary activities before interest	938	(5,527)
Depreciation charge	3292	3,112
Impairment charge	138	2,064
Profit on disposal of fixed assets	-	(88)
Amortisation of goodwill and other intangible assets	488	487
Increase in stocks	(1,608)	(469)
Increase in debtors	(1,479)	(844)
Increase/(decrease) in creditors	3,794	(720)
(Decrease)/increase in provisions	(2)	1
Cash inflow/(outflow) from operating activities	5,561	(1,984)

### 24 Analysis of net funds/(debt)

	2 July 2017 £000	Non-cash movements £000	Cash flows £000	30 June 2018 £000
Cash at bank and in hand	16,577	-	1,254	17,831
Debt due within one year	(4,050)	(600)	600	(4,050)
Debt due after one year	(1,200)	600	-	(600)
	(5,250)	-	600	(4,650)
<b>Total</b>	<b>11,327</b>	<b>-</b>	<b>1,854</b>	<b>13,181</b>

### 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 in his capacity as Trustee of the A J Cook 1989 Settlement, 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 £1,052,619. No interest was payable on these loans.

## **Notes (continued)**

### **25 Related party transactions (continued)**

The amount due from Sir Andrew Cook at 30 June 2018 was £nil (2017: £791,032).

### **26 Ultimate controlling party**

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

### **27 Critical accounting judgements and key sources of estimate uncertainty**

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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.

#### **Critical judgements in applying the Group and Company's accounting policies**

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

##### *Useful economic life of goodwill*

The directors have assessed that the goodwill related to historic acquisitions has a useful economic life of 20 years.

#### **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

##### *Valuation of stock*

The company is exposed to risk of stock being valued above its net realisable value. Provisions are recorded, where appropriate, to reduce the value of stocks to their net realisable value as determined by estimates of selling prices.