

# Financial Statements Tinsley Bridge Limited

---

**For the Year Ended 30 September 2016**



**Registered number: 01866166**

## **Tinsley Bridge Limited**

# Company Information

<b>Directors</b>	K Charlesworth B S Cunliffe D Owens M Shield M C Webber
<b>Company secretary</b>	B S Cunliffe
<b>Registered number</b>	01866166
<b>Registered office</b>	335 Shepcote Lane Sheffield S9 1TG
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 2 Broadfield Court Sheffield South Yorkshire S8 0XF
<b>Bankers</b>	Royal Bank of Scotland 8 South Parade Nottingham NG1 2JS

## Contents

	Page
<b>Strategic report</b>	1 - 2
<b>Directors' report</b>	3 - 4
<b>Independent auditor's report</b>	5 - 6
<b>Statement of income and retained earnings</b>	7
<b>Statement of financial position</b>	8
<b>Notes to the financial statements</b>	9 - 25

# Strategic Report

For the Year Ended 30 September 2016

## Introduction

The directors present their strategic report and the financial statements for the year ended 30 September 2016.

## Business review

The company has experienced a significant improvement in operational performance in the year ended 30 September 2016, demonstrated by an operating profit before exceptional items of £299,514 (2015 - loss of £251,550). This performance has resulted from higher than expected demand for the Stretcher Bar product and operational efficiencies and higher volumes in the core heavy automotive business stream. Demand for the Stretcher Bar continues to exceed forecasts.

New products have performed well and further developments are being made to develop the manufacturing routes for next generation anti-roll bars for heavy automotive and rail applications. However, it is disappointing to note that, in the military vehicle business stream, the trend for UK procurement seems to be focused on imports rather than UK built vehicles.

As the company's long term core business is transacted in Euros, the company takes a prudent approach to forward exchange rate hedging. Prior to the United Kingdom's referendum on European Union membership, the forecast for the Pound to Euro exchange rate was for a rise to the €1.45 to €1.50 range against the Pound. At this exchange rate, the company's long term core business was not sustainable.

For planning and forecasting purposes, the company uses an exchange rate of £1 = €1.30 and the company entered into forward exchange contracts at an average rate of £1 = €1.30 to cover the normal cycle of its business transacted in Euros. The view was taken that the United Kingdom referendum was likely to result in a vote to remain within the European Union and that would, in turn, produce upward pressure on the Pound to Euro exchange rate pushing the rate back to the €1.45 to €1.50 range. At the Balance sheet date the actual exchange rate was £1 = €1.15 following the vote to leave the European Union.

The resulting provision in the year, after taking account of the movement in the prior year for the restatement of results in accordance with FRS 102, is £1.4 million with a year end provision balance of £1.28 million. This provision will reverse by £1.0 million in the year to 30 September 2017 and by £0.28 million in the year to 30 September 2018. When measured against the company forecasts, the provision would be £nil. The company continues to monitor exchange rate movements closely with a view to implementing the best strategy to minimise risk.

# Strategic Report

For the Year Ended 30 September 2016

## **Principal risks and uncertainties**

The company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company financial instruments are interest rate risk, liquidity risk and foreign currency risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

### **Interest rate risk**

The company finances its operations through a mixture of retained profits, inter-company accounts and bank borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed on a group basis by the use of both fixed and floating facilities.

### **Liquidity risk**

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through inter-company accounts and bank borrowings.

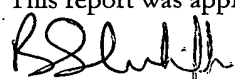
### **Currency risk**

The company is exposed to transaction and translation foreign exchange risk. This is managed on a group basis by the use of forward contracts.

## **Financial key performance indicators**

The directors consider the following to be the key performance indicators for the company. Stock and work in progress have remained level although stock turn increased to 4.2 times from 4.1 times in 2015. Trade debtor days increased to 55 days due to a key customer failing to pay to terms (2015 – 27 days).

This report was approved by the board on 3 February 2017 and signed on its behalf.



B S Cunliffe  
Director

## **Directors' Report**

**For the Year Ended 30 September 2016**

The directors present their report and the financial statements for the year ended 30 September 2016.

### **Results and dividends**

The loss for the year, after taxation, amounted to £2,762,211 (2015 - loss £320,219). During the financial year, Tinsley Bridge Limited has had exceptional write offs of intercompany balances of £1,784,586. This is in addition to the FRS 102 adjustments which have resulted in a negative movement in fair value of derivative contracts of £1,399,606 in the current financial year.

The directors have issued dividends during the year of £121,183.

### **Directors**

The directors who served during the year were:

K Charlesworth  
B S Cunliffe  
D Owens  
M Shield  
M C Webber

### **Directors' responsibilities statement**

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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 for the Company's financial statements and then apply them consistently;
- make judgments 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.

## **Directors' Report (continued)**

**For the Year Ended 30 September 2016**

### **Going concern**

The directors have prepared budgets, profit forecasts, cash flow forecasts and business plans for the Company covering the period to 31 December 2018. In the current year the Company has made a loss of £2,762,211 (2015 - loss of £320,219). During the financial year, Tinsley Bridge Limited has had exceptional write offs of intercompany balances of £1,784,586. This is in addition to the FRS 102 adjustments which have resulted in a negative movement in fair value of derivative contracts of £1,399,606 in the current financial year.

Based on the above, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the company has adequate resources to continue in existence for the foreseeable future.

For this reason the directors consider that the adoption of the going concern basis in preparing the financial statements is appropriate.

### **Future developments**

The Company is part of the strategy for the group to which it belongs, to develop new products and strategic markets with a view to maximising the utilisation of its current asset base, whilst identifying worthwhile investment opportunities that will enable new market entry and operational efficiencies.

### **Research and development activities**

Research and development continues to be at the heart of the Company's future plans.

### **Post balance sheet events**

There have been no significant events affecting the Company since the year end.

### **Disclosure of information to auditor**

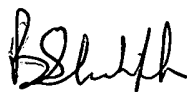
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 3 February 2017 and signed on its behalf.



B S Cunliffe  
Director



## Independent Auditor's Report to the Members of Tinsley Bridge Limited

We have audited the financial statements of Tinsley Bridge Limited for the year ended 30 September 2016, which comprise the Statement of income and retained earnings, the Statement of financial position and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

### **Respective responsibilities of Directors and Auditor**

As explained more fully in the Directors' responsibilities statement 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 30 September 2016 and of its loss 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 the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.





## Independent Auditor's Report to the Members of Tinsley Bridge Limited (continued)

### **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.

*Grant Thornton UK LLP*

Peter Edwards (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
Sheffield

3 February 2017

## Statement of Income and Retained Earnings

For the Year Ended 30 September 2016

	Note	Before exceptional items 2016 £	Exceptional items 2016 £	Total 2016 £	Before exceptional items 2015 £	Exceptional items 2015 £	Total 2015 £
Turnover	4	11,632,727	-	11,632,727	11,152,242	-	11,152,242
Other operating income	5	27,701	-	27,701	7,171	-	7,171
Other external charges		(7,593,484)	-	(7,593,484)	(6,263,394)	-	(6,263,394)
Staff costs		(2,785,255)	-	(2,785,255)	(3,592,986)	-	(3,592,986)
Depreciation		(303,546)	-	(303,546)	(476,476)	-	(476,476)
Other operating charges	13	(678,629)	(1,784,586)	(2,463,215)	(1,078,107)	-	(1,078,107)
<b>Operating profit/(loss)</b>	6	<b>299,514</b>	<b>(1,784,586)</b>	<b>(1,485,072)</b>	<b>(251,550)</b>	<b>-</b>	<b>(251,550)</b>
Interest receivable	10	192	-	192	521	-	521
Interest payable	11	(38,491)	-	(38,491)	(36,743)	-	(36,743)
Movement in fair value of derivative contracts	13	-	(1,399,606)	(1,399,606)	-	(119,742)	(119,742)
<b>Profit/(loss) before tax</b>		<b>261,215</b>	<b>(3,184,192)</b>	<b>(2,922,977)</b>	<b>(287,772)</b>	<b>(119,742)</b>	<b>(407,514)</b>
Tax on profit/(loss)	12	160,766	-	160,766	87,295	-	87,295
<b>Profit/(loss) for the year</b>		<b>421,981</b>	<b>(3,184,192)</b>	<b>(2,762,211)</b>	<b>(200,477)</b>	<b>(119,742)</b>	<b>(320,219)</b>
Opening retained earnings				4,664,883			4,985,102
Loss				(2,762,211)			(320,219)
Dividends paid				(121,183)			-
<b>Retained earnings</b>				<b>1,781,489</b>			<b>4,664,883</b>

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of income and retained earnings.

The notes on pages 9 to 25 form part of these financial statements.

## Statement of Financial Position

As at 30 September 2016

	Note	£	2016 £	2015 £
<b>Fixed assets</b>				
Tangible assets	14		1,209,670	1,349,147
<b>Current assets</b>				
Fixed assets held for sale	15	-	121,183	
Stocks	16	969,193	1,106,964	
Debtors	17	3,148,600	4,709,749	
Cash at bank and in hand	18	667,548	395,233	
		4,785,341	6,333,129	
Creditors: amounts falling due within one year	19	(3,555,820)	(2,461,574)	
<b>Net current assets</b>			1,229,521	3,871,555
<b>Total assets less current liabilities</b>			2,439,191	5,220,702
Creditors: amounts falling due after more than one year	20		(656,702)	(554,819)
<b>Net assets</b>			1,782,489	4,665,883
<b>Capital and reserves</b>				
Called up share capital	22		1,000	1,000
Profit and loss account	23		1,781,489	4,664,883
			1,782,489	4,665,883

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 February 2017.



B S Cunliffe  
Director

The notes on pages 9 to 25 form part of these financial statements.

# Notes to the Financial Statements

For the Year Ended 30 September 2016

## **1. General information**

Tinsley Bridge Limited is a private company limited by shares incorporated in England and Wales. Its registered office is 335 Shepcote Lane, Sheffield, S9 1TG.

The principal activity of the Company during the year was the manufacture and sale of stabiliser bars for the European truck market, torsion bars for tracked vehicles and engineered components for the rail sector.

## **2. Accounting policies**

### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 30.

The Company's functional and presentational currency is sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

### **2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Tinsley Bridge Group Limited as at 30 September 2016 and these financial statements may be obtained from 335 Shepcote Lane, Sheffield, S9 1TG.

# Notes to the Financial Statements

For the Year Ended 30 September 2016

## **2. Accounting policies (continued)**

### **2.3 Going concern**

The directors have prepared budgets, profit forecasts, cash flow forecasts and business plans for the company covering the period to 31 December 2018. In the current year the company has made a loss of £2,762,211 (2015 - loss of £320,219). During the financial year, Tinsley Bridge Limited has had exceptional write offs of intercompany balances of £1,784,586. This is in addition to the FRS 102 adjustments which have resulted in a negative movement in the fair value of derivative contracts of £1,399,606 in the current financial year.

Based on the above the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the company has adequate resources to continue in existence for the foreseeable future.

For this reason the directors consider that the adoption of the going concern basis in preparing the financial statements is appropriate.

### **2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

#### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

# Notes to the Financial Statements

For the Year Ended 30 September 2016

## **2. Accounting policies (continued)**

### **2.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 3 - 10 years
---------------------	----------------

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

### **2.6 Fixed assets held for sale**

Fixed assets held for sale are included at cost.

### **2.7 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Income and Retained Earnings.

### **2.8 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### **2.9 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

# Notes to the Financial Statements

For the Year Ended 30 September 2016

## **2. Accounting policies (continued)**

### **2.10 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

### **2.11 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

## **Notes to the Financial Statements**

**For the Year Ended 30 September 2016**

### **2. Accounting policies (continued)**

#### **2.12 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Income statement at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Income statement in the same period as the related expenditure.

#### **2.13 Finance costs**

Finance costs are charged to the Income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### **2.14 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

#### **2.15 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

#### **2.16 Leased assets: the Company as lessee**

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. 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 Statement of income and retained earnings so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.



# Notes to the Financial Statements

For the Year Ended 30 September 2016

## **2. Accounting policies (continued)**

### **2.17 Pensions**

#### **Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

### **2.18 Interest income**

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

### **2.19 Borrowing costs**

All borrowing costs are recognised in the Statement of Income and Retained Earnings in the year in which they are incurred.

### **2.20 Taxation**

Tax is recognised in the Income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

### **2.21 Exceptional items**

The Company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Company.

# Notes to the Financial Statements

For the Year Ended 30 September 2016

## **2. Accounting policies (continued)**

### **2.22 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project. The expenditure is treated as if it were all incurred in the research phase only.

## **3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates may differ from the related actual results.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

### **Depreciation, useful lives and residual values of property, plant and equipment**

The company estimates the useful lives and residual values of property, plant and equipment in order to calculate the depreciation charges. Changes in these estimates could result in changes being required to the annual depreciation charges in the Statement of Income and Retained Earnings and the carrying values of the property, plant and equipment on the Statement of Financial Position.

### **Intercompany balances written off in the financial year**

The company has assessed the recoverability of the intercompany balances in the financial year, the directors have taken a view on the recoverability of each loan balance and have made the appropriate write off between the related entities. The balances which remain have been categorised as either trading or loan balances for the current financial year with appropriate agreements in place where appropriate.

### **Movement in fair value of derivative contracts**

Movements in the fair value of derivative contracts are included as a separate line item, below operating profit, within the Statement of Income and Retained Earnings..

# Notes to the Financial Statements

For the Year Ended 30 September 2016

## 4. Turnover

All turnover arose within the United Kingdom.

## 5. Other operating income

	2016 £	2015 £
Grant and other income	27,701	7,171

## 6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the company	217,054	426,716
- held under finance leases	86,492	49,760
Impairment of trade debtors	-	2,770
	303,546	479,246

## 7. Auditor's remuneration

Auditor's remuneration - Audit fees	-	36,750
Auditor's remuneration - Tax compliance	-	8,500
	-	45,250

The auditor's fee is met by Tinsley Bridge Group Limited in the current year.

# Notes to the Financial Statements

For the Year Ended 30 September 2016

## 8. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	2,352,964	3,024,812
Social security costs	229,467	291,767
Cost of defined contribution scheme	202,824	276,407
	<u>2,785,255</u>	<u>3,592,986</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
Production and maintenance	75	74
Administration, technical and support staff	19	29
	<u>94</u>	<u>103</u>

## 9. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	-	375,229
Company contributions to defined contribution pension schemes	-	54,122
	<u>-</u>	<u>429,351</u>

Directors' fees are met by Tinsley Bridge Group Limited in the current year.

During the year retirement benefits were accruing to no directors (2015 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £nil (2015 - £107,661).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2015 - £11,474).

## 10. Interest receivable

	2016 £	2015 £
Other interest receivable	192	521
	<u>192</u>	<u>521</u>

## Notes to the Financial Statements

For the Year Ended 30 September 2016

**11. Interest payable**

	2016 £	2015 £
Bank interest payable	19,107	25,121
Finance leases and hire purchase contracts	19,384	11,622
	<u>38,491</u>	<u>36,743</u>

**12. Taxation**

	2016 £	2015 £
<b>Corporation tax</b>		
Adjustments in respect of previous periods	(160,766)	(87,295)
<b>Taxation on loss on ordinary activities</b>	<u>(160,766)</u>	<u>(87,295)</u>

**Factors affecting tax credit for the year**

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Loss on ordinary activities before tax	<u>(2,922,977)</u>	<u>(407,514)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	(584,595)	(81,503)
<b>Effects of:</b>		
Fixed asset differences	1,322	1,322
Expenses not deductible for tax purposes	368,287	23,150
Income not taxable for tax purposes	(10,170)	-
Adjustments to tax charge in respect of prior periods	(160,766)	(87,295)
Group relief	1,203	-
Re-measurement of deferred tax – change in UK tax rate	53,203	-
Unrecognised deferred tax	170,750	57,031
<b>Total tax credit for the year</b>	<u>(160,766)</u>	<u>(87,295)</u>

**Factors that may affect future tax charges**

Tax losses carried forward not provided for amounted to £981,000 (2015 - £491,000). No asset has been recognised for these losses as there is no certainty that sufficient taxable profits will be available in the foreseeable future.

## Notes to the Financial Statements

For the Year Ended 30 September 2016

### 13. Exceptional items

	2016 £	2015 £
Write off of intercompany balances	1,784,586	-
Movement in fair value of derivative contracts	1,399,606	119,742
	<u>3,184,192</u>	<u>119,742</u>

The company's forward currency derivative contracts are re-measured at their fair value at each year end. The above movement is recognised in the Statement of Income and Retained Earnings and represents the movement in the value of the asset or liability from the start to the end of the accounting period.

Management have assessed that certain balances owed between companies in the group headed by Tinsley Bridge Group Limited will not be repaid. These balances have been written off and are therefore recognised in the Statement of Income and Retained Earnings.

# Notes to the Financial Statements

For the Year Ended 30 September 2016

## 14. Tangible fixed assets

	Plant and machinery £
<b>Cost</b>	
At 1 October 2015	3,366,614
Additions	166,169
Disposals	(4,200)
At 30 September 2016	<u>3,528,583</u>
<b>Depreciation</b>	
At 1 October 2015	2,017,467
Charge for period on owned assets	217,054
Charge for period on financed assets	86,492
Disposals	(2,100)
At 30 September 2016	<u>2,318,913</u>
<b>Net book value</b>	
At 30 September 2016	<u>1,209,670</u>
At 30 September 2015	<u>1,349,147</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £	2015 £
Plant and machinery	<u>397,351</u>	483,843
	<u>397,351</u>	<u>483,843</u>

# Notes to the Financial Statements

For the Year Ended 30 September 2016

## 15. Fixed assets held for sale

	2016 £	2015 £
Freehold property	-	121,183
	<u>-</u>	<u>121,183</u>

During the year the freehold property was transferred at book value to Tinsley Bridge Group Limited, the parent company of Tinsley Bridge Limited.

## 16. Stocks

	2016 £	2015 £
Raw materials and consumables	511,631	547,047
Work in progress	269,060	336,638
Finished goods and goods for resale	188,502	223,279
	<u>969,193</u>	<u>1,106,964</u>

Stock recognised in cost of sales during the year as an expense was £6,906,338 (2015 - £6,580,746).

Inventories are stated after provisions for impairment of £nil (2015 - £nil).

## 17. Debtors

	2016 £	2015 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	852,956	2,751,633
Derivative financial instruments	-	3,979
<b>Due within one year</b>		
Trade debtors	458,544	655,680
Amounts owed by group undertakings	1,810,652	1,041,781
Derivative financial instruments	-	114,292
Prepayments and accrued income	26,448	142,384
	<u>3,148,600</u>	<u>4,709,749</u>

Trade debtors are stated after provisions for impairment of £nil (2015 - £nil).



# Notes to the Financial Statements

For the Year Ended 30 September 2016

## 18. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	667,548	395,233
Less: bank overdrafts	(541,919)	-
	<u>125,629</u>	<u>395,233</u>

## 19. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	541,919	-
Trade creditors	1,047,942	1,331,209
Taxation and social security	488,540	463,884
Obligations under finance leases and hire purchase contracts	148,038	156,520
Derivative financial instruments	1,039,490	-
Accruals and deferred income	289,891	509,961
	<u>3,555,820</u>	<u>2,461,574</u>

## 20. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Obligations under finance leases and hire purchase contracts	89,262	237,300
Amounts owed to group undertakings	325,595	317,519
Derivative financial instruments	241,845	-
	<u>656,702</u>	<u>554,819</u>

# Notes to the Financial Statements

For the Year Ended 30 September 2016

## 21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2016 £	2015 £
Within one year	148,038	156,520
Between 1-5 years	89,262	237,300
	<u>237,300</u>	<u>393,820</u>

The finance leases and hire purchase contracts are secured on the assets to which they relate.

## 22. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

## 23. Reserves

### Profit & loss account

Includes all current and prior period retained profits and losses.

## 24. Contingent liabilities

The company is part of a VAT group. The total amount due under the group registration at the year end was £339,370 (2015 - £299,447).

There is a cross guarantee between all companies of the Tinsley Bridge Group Limited group on all bank overdrafts with the Royal Bank of Scotland. As at 30 September 2016 the amount thus guaranteed by the company was £189,072 (2015 - £25,543).

## 25. Capital commitments

At 30 September 2016 the company had no capital commitments.

## Notes to the Financial Statements

For the Year Ended 30 September 2016

### 26. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £202,824 (2015 - £276,407). Contributions totalling £nil (2015 - £nil) were payable to the fund at the balance sheet date.

### 27. Commitments under operating leases

At 30 September 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	68,055	74,578
Between 2 and 5 years	122,999	52,392
	<u>191,054</u>	<u>126,970</u>

### 28. Related party transactions

As a wholly owned subsidiary of Tinsley Bridge Group Limited, the company is exempt from the requirements of FRS 102 to disclosure transactions with other members of the group headed by Tinsley Bridge Group Limited.

### 29. Controlling party

The directors consider that the ultimate parent and undertaking of this company is Tinsley Bridge Group Limited, a company incorporated in England and Wales.

Tinsley Bridge Group Limited is this company's controlling related party by virtue of its 100% shareholding.

The largest and smallest group of undertakings for which the group accounts have been drawn up is that headed by Tinsley Bridge Group Limited which is registered in England and Wales. Copies of the group accounts can be obtained at 335 Shepcote Lane, Sheffield, S9 1TG.

# Notes to the Financial Statements

For the Year Ended 30 September 2016

## 30. First time adoption of FRS 102

The company transitioned to FRS 102 from previously extant UK GAAP as at 1 October 2014. The impact of the transition to FRS 102 is as follows:

### Reconciliation of equity at 1 October 2014

	£
Equity at 1 October 2014 under previous UK GAAP	4,756,299
Holiday pay accrual	(8,209)
Foreign exchange forward contracts	238,012
<b>Equity at 1 October 2014 under FRS 102</b>	<b>4,986,102</b>

### Reconciliation of equity at 30 September 2015

	£
Equity at 30 September 2015 under previous UK GAAP	4,545,741
Holiday pay accrual	1,872
Foreign exchange forward contracts	118,270
<b>Equity at 30 September 2015 under FRS 102</b>	<b>4,665,883</b>

### Reconciliation of profit and loss account for the year ended 30 September 2015

	£
Loss for the year under previous UK GAAP	(210,558)
Holiday pay accrual	10,081
Foreign exchange forward contracts	(119,742)
<b>Loss for the year ended 30 September 2015 under FRS 102</b>	<b>(320,219)</b>

The following were changes in accounting policies arising from the transition to FRS 102:

- 1 An accrual has been recognised for holiday pay accrued by employees for the respective periods.
- 2 The movement in fair value has been recognised on the foreign exchange forward contracts for the respective periods.