

Registration number: 02230563

# Caparo Holdings (US) Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2015



## **Caparo Holdings (US) Limited**

### **Contents**

Company Information	1
Strategic Report	2 to 3
Directors Report	4 to 6
Statement of Directors' Responsibilities	7
Independent Auditor's Report	8 to 9
Consolidated Profit and Loss Account	10
Consolidated Statement of Comprehensive Income	11
Consolidated Balance Sheet	12
Company Balance Sheet	13
Consolidated Statement of Changes in Equity	14
Company Statement of Changes in Equity	15
Consolidated Statement of Cash Flows	16
Notes to the Financial Statements	17 to 35

## **Caparo Holdings (US) Limited**

### **Company Information**

<b>Chairman</b>	The Lord Paul of Marylebone
<b>Directors</b>	The Lord Paul of Marylebone (Chairman) D P Danaster
<b>Company secretary</b>	Goodwille Limited
<b>Registered office</b>	Caparo House 103 Baker Street London W1U 6LN
<b>Auditor</b>	Deloitte LLP Birmingham

## **Caparo Holdings (US) Limited**

### **Strategic Report for the Year Ended 31 December 2015**

The directors present their strategic report for the year ended 31 December 2015.

#### **Principal activity**

The group has business interests predominately in steel tube and automotive products in North America trading under the name of Bull Moose Tube.

Bull Moose Tube produces and sells welded steel tubing comprised of cold formed hollow structural sections, as-welded mechanical tube and fire protection sprinkler pipe. Bull Moose Tube has US production facilities located in Gerald Missouri, Trenton Georgia, Chicago Heights Illinois, Masury Ohio, Elkhart Indiana, Casa Grande Arizona, and a Canadian production facility located in Burlington Ontario. The warehouse facility located in Kent, Washington was terminated during 2015. Principal markets for Bull Moose Tube include distribution, construction, fire protection, agriculture, transportation, furniture, recreation and lawn and garden equipment.

#### **Fair review of the business**

This is the first year that the company has presented its results under United Kingdom Generally Accepted Accounting Practice including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS102). Further information is included in Note 25.

The group's continuing activities at Bull Moose Tube contributed \$435.7 to sales (2014: \$481.3m).

Following a strong performance in 2014, revenues from continuing activities at Bull Moose Tube fell 9% in 2015. The decrease was a result of the base steel price paid by Bull Moose Tube for hot rolled coils falling by an average of approximately \$200 per short tonne partially offset by a 9.1% increase in shipment volumes. As a result, Bull Moose Tube average selling prices decreased in 2015.

Distribution and administrative expenses of the group for 2015 amounted to \$27.1m (2014: \$22.0m).

The operating profit of the group for 2015 was \$31.0m (2014: \$35.8m). After deducting interest and taxes the profit for the year amounted to \$25.0m (2014: \$18.5m). The group achieved an operating profit as a percentage of sales of 7.1% (2014: 7.4%), the reduction caused by increased gross profit margins but offset by the higher distribution and administration expenses.

2016 continued to be profitable for the group. 2016 volumes were ahead of the prior year and prices were above the prior year average which reflected the change in base steel price paid by Bull Moose Tube with a resulting increase in operating profit. In February 2016, Bull Moose Industries announced the acquisition of the business of XL Specialised Trailers, based in Manchester, Iowa, as the first element of a new division of Bull Moose Industries, Bull Moose Mobility. XL is a leading manufacturer of customized heavy-haul trailers for the commercial, construction and agricultural markets. While trading conditions in North America remain uncertain, trading has been satisfactory across Bull Moose Industries' businesses in early 2017.

#### **Principal risks and uncertainties**

There are a number of potential risks and uncertainties which could have an impact on the financial performance of the group.

## Caparo Holdings (US) Limited

### Strategic Report for the Year Ended 31 December 2015

#### *Global, political and economic conditions*

The group operates in the US and Canada and is exposed to the economic, political and business risks associated with such international operations, including currency fluctuations, changing legal, regulatory, taxation and environmental requirements, operational and competitive matters.

Management monitors such risks and conditions, amending business procedures as appropriate to mitigate any exposure while remaining in compliance with local and group requirements.

#### *Steel prices*

Steel is the principal raw material for the group's products. The pricing of steel is largely determined by domestic and international factors beyond the control or influence of the group.

#### *Foreign exchange*

The group operates in the US and Canada, with a substantial portion of the group's operations located in the US. Steel prices, sales import threats, export opportunities and purchasing import opportunities are exposed to movements in the North American exchange rates against each other and other world currencies, which could adversely or positively impact results.

#### *Financial risk management objectives and policies*

The activities of the group expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives to manage these risks. The group does not use derivative financial instruments for speculative purposes.

Bull Moose Tube was in compliance with all bank covenants during 2015. Based on the 2016 results and 2017 forecasts, Bull Moose Industries expects compliance with bank covenants to continue for the foreseeable future.

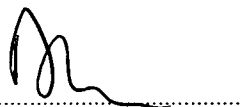
#### *Litigation*

As with any business, the group is subject to the risk of litigation from third parties. The group seeks to address such claims proactively. In accordance with accounting requirements, provision is made where necessary to address such litigation and the consequent costs of defence.

#### *Self-insured health care claims*

The US operations of the group self-insure for health care claims. Under the self-insured programs, accrued health care claims are recorded based on management's estimate of the aggregate liability for claims incurred.

Approved by the Board on 2/3/17 and signed on its behalf by:



D P Dancaaster  
Director

## **Caparo Holdings (US) Limited**

### **Directors Report for the Year Ended 31 December 2015**

The directors present their report and the consolidated financial statements for the year ended 31 December 2015.

#### **Directors of the Group**

The directors who held office during the year were as follows:

Akhil Paul (resigned 17 March 2016)

The Honourable Angad Paul (death in service 8 November 2015)

The following directors were appointed after the year end:

The Lord Paul of Marylebone - Chairman (appointed 4 April 2016)

D P Dancaaster (appointed 4 April 2016)

The directors are sad to report the death of the Honourable Angad Paul on 8 November 2015.

#### **Dividends**

An interim dividend of \$nil per ordinary share was paid during the year (2014: \$46,569 per ordinary share). The directors do not recommend the payment of a final dividend.

#### **Financial instruments**

#### ***Objectives and policies***

The company holds or issues financial instruments to finance its operations and enters into contracts to manage risks arising from those operations and its sources of finance in accordance with its accounting policies.

#### **Charitable and political contributions**

During the year the group made charitable donations of \$23,258 (2014: \$45,636), principally to local charities serving the communities in which the group operates. There were no political contributions made by the group during 2015 (2014: \$nil).

#### **Supplier payment policy**

It is the policy of the group to settle all trade creditors within the normal commercial terms of trade agreed with each supplier. As at December 2015, the group trade creditor days period represented approximately 28 days' (2014: 30 days') purchases.

#### **Future developments**

The directors expect the company to continue as a holding company for the foreseeable future. The group is expected to continue to develop its steel processing and trailer manufacturing businesses across North America during 2017.

## **Caparo Holdings (US) Limited**

### **Directors Report for the Year Ended 31 December 2015**

#### **Going concern**

As at the 31 December 2015, the group had net assets of \$30.2m (2014 of \$6.5m). On 19 December 2012 Bull Moose Tube entered into an agreement with its principle bankers providing renewed facilities expiring on 19 December 2017 and is subject to comply with covenants as part of this agreement. The directors are confident that Bull Moose Tube will be able to renew its facilities on similar terms before the expiry of the current facilities. The directors have reviewed cash flow forecasts for the period to February 2018 which indicate that the group and company are expected to trade within their facilities.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

#### **Environmental liabilities**

The group conducts its operations in such a manner and performs periodic assessments of its operations as to ensure compliance with environmental laws and regulations. If events occur where actions are necessary to maintain compliance, the group will devote suitable resources to the issue in order to remedy the situation. The group will accrue environmental remediation costs when an assessment has been made that remediation costs are probable and the related costs can be reasonably estimated.

#### **Employee unions**

There were no organized work force interruptions in business activities during 2015. Production labour at each plant other than Casa Grande, Arizona is subject to collective bargaining arrangements. In October, 2015 the Chicago Heights Steelworkers collective bargaining arrangement expired and was renewed for three years. The group has one contract expiring in 2016. The Gerald Sheet Metal Workers contract expired and was renewed for five years in July 2016.

#### **Employment of disabled persons**

The group is an equal opportunity employer and makes every effort to ensure disabled people are not discriminated against on the grounds of their disabilities. In the event of staff becoming disabled, every effort is made to ensure that their employment continues and that appropriate training is arranged.

#### **Employee involvement**

The group recognises the importance of its employees and is committed to effective two-way communication and consultation.

#### **Directors liabilities**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

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

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

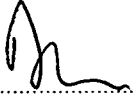
**Caparo Holdings (US) Limited**

**Directors Report for the Year Ended 31 December 2015**

**Reappointment of auditors**

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Deloitte LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 2/3/17 and signed on its behalf by:



.....  
D P Dancaaster  
Director



## **Caparo Holdings (US) Limited**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Caparo Holdings (US) Limited**

### **Independent Auditor's Report**

We have audited the financial statements of Caparo Holdings (US) Limited for the year ended 31 December 2015, which comprise the Consolidated Profit and loss account, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cashflows, and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

#### **Respective responsibilities of directors and auditor**

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

#### **Scope of the audit of the financial statements**

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

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Company's affairs as at 31 December 2015 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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


#### **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:

## Caparo Holdings (US) Limited

### Independent Auditor's Report

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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



Jane Whitlock (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP, Statutory Auditor

Birmingham

Date: 3 March 2017

## Caparo Holdings (US) Limited

### Consolidated Profit and Loss Account for the Year Ended 31 December 2015

	Note	2015 \$ 000	2014 \$ 000
Turnover	3	435,650	481,300
Cost of sales		<u>(378,000)</u>	<u>(423,900)</u>
Gross profit		57,650	57,400
Distribution costs		(5,500)	(4,700)
Administrative expenses		(21,600)	(17,300)
Other operating income	4	<u>400</u>	<u>400</u>
Operating profit		30,950	35,800
Share of profit in associated undertaking		600	-
Interest payable and similar charges	6	<u>(2,000)</u>	<u>(2,700)</u>
Profit before tax		29,550	33,100
Taxation	10	<u>(4,600)</u>	<u>(14,600)</u>
Profit for the financial year		<u>24,950</u>	<u>18,500</u>
<b>Profit attributable to:</b>			
Owners of the company		<u>24,950</u>	<u>18,500</u>

The above results were derived from continuing operations.

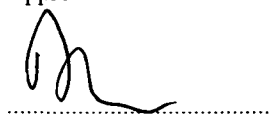
# Caparo Holdings (US) Limited

(Registration number: 02230563)

## Consolidated Balance Sheet as at 31 December 2015

	Note	2015 \$ 000	2014 \$ 000
<b>Fixed assets</b>			
Tangible assets	11	39,100	40,400
Investments in associates	12	<u>3,800</u>	<u>-</u>
		<u>42,900</u>	<u>40,400</u>
<b>Current assets</b>			
Stocks	13	52,500	69,900
Debtors	14	50,225	42,500
Cash at bank and in hand	15	<u>2,600</u>	<u>2,301</u>
		105,325	114,701
Creditors: Amounts falling due within one year	20	<u>(49,325)</u>	<u>(58,051)</u>
Net current assets		<u>56,000</u>	<u>56,650</u>
Total assets less current liabilities		98,900	97,050
Creditors: Amounts falling due after more than one year	20	(60,400)	(79,200)
Provisions for liabilities	19	<u>(8,300)</u>	<u>(11,400)</u>
Net assets		<u>30,200</u>	<u>6,450</u>
<b>Capital and reserves</b>			
Called up share capital	16	-	-
Share premium reserve		17,300	17,300
Retained earnings		<u>12,900</u>	<u>(10,850)</u>
Equity attributable to owners of the company		<u>30,200</u>	<u>6,450</u>
Total equity		<u>30,200</u>	<u>6,450</u>

Approved and authorised by the Board on 2/3/17 and signed on its behalf by:



D P Dancaaster  
Director

The notes on pages 17 to 35 form an integral part of these financial statements.

# Caparo Holdings (US) Limited

## Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2015

	Note	2015 \$ 000	2014 \$ 000
Profit for the year		24,950	18,500
Currency translation difference on foreign currency net investments		<u>(1,200)</u>	<u>(1,000)</u>
Total comprehensive income for the year		<u>23,750</u>	<u>17,500</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the company		<u>23,750</u>	<u>17,500</u>

The notes on pages 17 to 35 form an integral part of these financial statements.

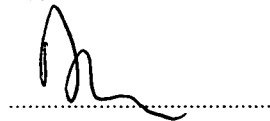
**Caparo Holdings (US) Limited**

**(Registration number: 02230563)**

**Company Balance Sheet as at 31 December 2015**

	Note	2015 \$ 000	2014 \$ 000
<b>Fixed assets</b>			
Investments	12	29,244	29,244
<b>Current assets</b>			
Debtors	14	92,879	61,032
Creditors: Amounts falling due within one year	20	<u>(25)</u>	<u>(25)</u>
Net current assets		<u>92,854</u>	<u>61,007</u>
Net assets		<u>122,098</u>	<u>90,251</u>
<b>Capital and reserves</b>			
Called up share capital	16	-	-
Share premium reserve		17,300	17,300
Retained earnings		<u>104,798</u>	<u>72,951</u>
Total equity		<u>122,098</u>	<u>90,251</u>

Approved and authorised by the Board on 2/3/17 and signed on its behalf by:



D P Dancaaster

Director

The notes on pages 17 to 35 form an integral part of these financial statements.

**Caparo Holdings (US) Limited**

**Consolidated Statement of Changes in Equity for the Year Ended 31 December 2015**

	<b>Share premium \$ 000</b>	<b>Retained earnings \$ 000</b>	<b>Total \$ 000</b>	<b>Total equity \$ 000</b>
At 1 January 2015	17,300	(10,850)	6,450	6,450
Profit for the year	-	24,950	24,950	24,950
Other comprehensive income	-	(1,200)	(1,200)	(1,200)
Total comprehensive income	-	23,750	23,750	23,750
At 31 December 2015	17,300	12,900	30,200	30,200
	<b>Share premium \$ 000</b>	<b>Retained earnings \$ 000</b>	<b>Total \$ 000</b>	<b>Total equity \$ 000</b>
At 1 January 2014	17,300	(23,600)	(6,300)	(6,300)
Profit for the year	-	18,500	18,500	18,500
Other comprehensive income	-	(1,000)	(1,000)	(1,000)
Total comprehensive income	-	17,500	17,500	17,500
Dividends	-	(4,750)	(4,750)	(4,750)
At 31 December 2014	17,300	(10,850)	6,450	6,450

The notes on pages 17 to 35 form an integral part of these financial statements.  
Page 14



**Caparo Holdings (US) Limited**

**Company Statement of Changes in Equity for the Year Ended 31 December 2015**

	Share premium \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2015	17,300	72,951	90,251
Profit for the year	-	31,847	31,847
Total comprehensive income	-	31,847	31,847
At 31 December 2015	17,300	104,798	122,098
	Share premium \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2014	17,300	11,918	29,218
Profit for the year	-	65,783	65,783
Total comprehensive income	-	65,783	65,783
Dividends	-	(4,750)	(4,750)
At 31 December 2014	17,300	72,951	90,251

The notes on pages 17 to 35 form an integral part of these financial statements.  
Page 15

## Caparo Holdings (US) Limited

### Consolidated Statement of Cash Flows for the Year Ended 31 December 2015

	Note	2015 \$ 000	2014 \$ 000
<b>Cash flows from operating activities</b>			
Profit for the year		24,950	18,500
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	7,600	7,600
Loss on disposal of property plant and equipment		-	100
Finance income		(600)	-
Finance costs	6	2,000	2,700
Income tax expense	10	4,600	14,600
		<u>38,550</u>	<u>43,500</u>
Working capital adjustments			
Decrease/(increase) in inventories	13	17,400	(4,500)
Increase in trade and other receivables	14	(1,125)	(5,400)
(Decrease)/increase in trade and other payables	20	(8,526)	6,001
Movement in provisions	19	(200)	-
		<u>46,099</u>	<u>39,601</u>
Cash generated from operations		46,099	39,601
Income taxes paid	10	(15,300)	(11,050)
Net cash flow from operating activities		<u>30,799</u>	<u>28,551</u>
<b>Cash flows used in investing activities</b>			
Acquisitions of property plant and equipment		(6,500)	(6,000)
Proceeds from sale of property plant and equipment		-	400
Acquisition of investments in associates	12	(3,200)	-
Net cash flows from investing activities		<u>(9,700)</u>	<u>(5,600)</u>
<b>Cash flows used in financing activities</b>			
Interest paid	6	(2,000)	(2,700)
Repayment of bank borrowing		(18,800)	(19,000)
Payments to finance lease creditors		-	(100)
Dividends paid		-	(4,750)
Net cash flows from financing activities		<u>(20,800)</u>	<u>(26,550)</u>
Net increase/(decrease) in cash and cash equivalents		299	(3,599)
Cash and cash equivalents at 1 January		<u>2,301</u>	<u>5,900</u>
Cash and cash equivalents at 31 December		<u>2,600</u>	<u>2,301</u>

The notes on pages 17 to 35 form an integral part of these financial statements.

## **Caparo Holdings (US) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2015**

#### **1 General information**

The company is incorporated and domiciled in England and Wales.

The group has business interests predominately in steel tube manufacture in North America trading under the name of Bull Moose Tube.

The functional currency of the company is considered to be US dollars because that is the primary economic environment in which the company operates.

The address of its registered office is:

Caparo House  
103 Baker Street  
London  
W1U 6LN

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. Further information is included in Note 25.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance and basis of preparation**

The financial statements have been prepared under the historic cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

##### **Summary of disclosure exemptions**

Caparo Holdings (US) Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available in respect of its own financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel. Exemption has also been taken under section 33.1A of FRS 102 not to disclose related party transactions between wholly-owned companies within the group.

##### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2015.

No Profit and Loss Account is presented for the company as permitted by section 408 of the companies Act 2006. The company made a profit after tax for the financial year of \$31,846,892 (2014 - profit of \$65,782,663).

## **Caparo Holdings (US) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2015**

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

#### **Going concern**

As at the 31 December 2015, the group had net assets of \$30.2m (2014 of \$6.5m). On 19 December 2012 Bull Moose Tube entered into an agreement with its principle bankers providing renewed facilities expiring on 19 December 2017 and is subject to comply with covenants as part of this agreement. The directors are confident that Bull Moose Tube will be able to renew its facilities on similar terms before the expiry of the current facilities. The directors have reviewed cash flow forecasts for the period to February 2018 which indicate that the group and company are expected to trade within their facilities.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating intercompany sales.

The Group recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the Group's activities.

#### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

## Caparo Holdings (US) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015

#### Tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### Property, plant and equipment

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold buildings	18 years
Plant and machinery	3-10 years

## **Caparo Holdings (US) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2015**

#### **Investments**

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

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

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

#### **Inventories**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

## **Caparo Holdings (US) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2015**

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Provisions**

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

#### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Company Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

## **Caparo Holdings (US) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2015**

#### **Financial instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are approved.

#### **Defined contribution pension obligation**

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

#### **Impairment**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.



## **Caparo Holdings (US) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2015**

#### **Non-financial assets**

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### **Investments in associates**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

#### **Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The estimates and associated assumptions are based on historical assumptions and other factors that are considered to be relevant.

#### **Deferred Tax Asset**

The full value of the tax losses carried forward has been treated as a deferred tax asset as in the opinion of the directors taxable income in excess of this value is likely to be received by the company in the foreseeable future that could be relieved against allowable losses.

#### **Debtors provision**

The doubtful debt provision reflects the Directors view of the probable credit risk within the customer portfolio. The Company does not provide for a general credit risk provision but looks at customers on a case-by-case basis. The customer base of the Company is very broad. Not all of the Company's customers are well capitalised and the competitive and seasonal nature of the steel market can put pressure on customers' ability to pay. The directors monitor aged debt closely and have an ongoing dialogue with customers who are behind on payments or where there is perceived to be increased risk of default. The bad debt provision is derived based on the directors assessment of likely losses. The level of actual losses depends on the outturn of uncertain events on a customer by customer basis and on the overall health of the economy and specifically the steel/construction sectors.

#### **Stock provisioning**

Due to the nature of stock, there is an obsolescence risk relating to stocks. Therefore in light of this risk, management are responsible for reviewing the stock holding for slow moving or obsolete stock and for assessing the required provision to take account of products which may need to be disposed of at a net realisable value which is below cost or which may not be capable of sale. The actual level of stock losses is affected by overall future demand from end customers and changes in technology.

## Caparo Holdings (US) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015

#### 3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2015 \$ 000	2014 \$ 000
Turnover	<u>435,650</u>	<u>481,300</u>

The analysis of the group's revenue for the year by class of business is as follows:

	2015 \$ 000	2014 \$ 000
Steel products	<u>435,650</u>	<u>481,300</u>

The analysis of the group's revenue for the year by market is as follows:

	2015 \$ 000	2014 \$ 000
North America	435,350	479,800
Rest of world	<u>300</u>	<u>1,500</u>
	<u>435,650</u>	<u>481,300</u>

#### 4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2015 \$ 000	2014 \$ 000
Other operating income	<u>400</u>	<u>400</u>

#### 5 Operating profit

Arrived at after charging

	2015 \$ 000	2014 \$ 000
Depreciation expense	7,600	7,600
Impairment of stock	3,735	3,244
Operating lease expense - plant and machinery	600	600
Operating lease expense - other	300	300
Loss on disposal of property, plant and equipment	-	100
Cost of stock recognised as an expense	<u>359,564</u>	<u>303,392</u>

#### 6 Interest payable and similar charges

	2015 \$ 000	2014 \$ 000
Interest expense on other finance liabilities	<u>2,000</u>	<u>2,700</u>

## Caparo Holdings (US) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015

#### 7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2015 \$ 000	2014 \$ 000
Wages and salaries	38,500	33,300
Social security costs	11,200	9,800
Pension costs, defined contribution scheme	1,400	1,300
	<u>51,100</u>	<u>44,400</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2015 No.	2014 No.
Production	375	346
Administration and support	155	137
	<u>530</u>	<u>483</u>

#### 8 Directors' remuneration and key management

No director received any remuneration in the current year or prior year in relation to services provided to this company.

Compensation paid to key management amounted to \$3,228,784 (2014: \$1,059,611).

#### 9 Auditors' remuneration

	2015 \$ 000	2014 \$ 000
<b>Other fees to auditors</b>		
Fees payable to the company's auditors for the audit of the company's annual consolidated financial statements	100	100
Taxation services	100	100
	<u>200</u>	<u>200</u>

## Caparo Holdings (US) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015

#### 10 Income tax

Tax charged/(credited) in the income statement

	2015 \$ 000	2014 \$ 000
<b>Current taxation</b>		
Overseas corporation tax	13,700	11,800
Overseas corporation tax adjustment to prior periods	<u>(500)</u>	<u>(300)</u>
	13,200	11,500
Other	<u>-</u>	<u>600</u>
Total current income tax	<u>13,200</u>	<u>12,100</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	(5,000)	2,500
Arising from changes in tax rates and laws	300	-
Adjustment in respect of previous periods	<u>(3,900)</u>	<u>-</u>
Total deferred taxation	<u>(8,600)</u>	<u>2,500</u>
Tax expense in the income statement	<u>4,600</u>	<u>14,600</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2014 - higher than the standard rate of corporation tax in the UK) of 20.25% (2014 - 21.5%).

The differences are reconciled below:

	2015 \$ 000	2014 \$ 000
Profit before tax	<u>29,550</u>	<u>33,100</u>
Corporation tax at standard rate	5,984	7,117
Effect of expense not deductible in determining taxable profit (tax loss)	2,800	(100)
Effect of foreign tax rates	5,016	3,883
Deferred tax expense (credit) from unrecognised tax loss or credit	(8,600)	2,500
Tax increase (decrease) from effect of capital allowances and depreciation	(400)	400
Tax increase (decrease) arising from overseas tax suffered/expensed	1,300	1,600
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>(1,500)</u>	<u>(800)</u>
Total tax charge	<u>4,600</u>	<u>14,600</u>

## Caparo Holdings (US) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015

#### Deferred tax

	Provided 2015 \$000	Unprovided 2015 \$000	Provided 2014 \$000	Unprovided 2014 \$000
<b>Group</b>				
Accelerated capital allowances	(4,600)	-	(3,900)	-
Other timing differences	(100)	-	(6,700)	-
Losses	2,700	-	-	4,100
	<u>2,000</u>	<u>-</u>	<u>(10,600)</u>	<u>4,100</u>
<b>Company</b>				
Losses	2,700	-	-	4,100
	<u>2,700</u>	<u>-</u>	<u>-</u>	<u>4,100</u>
	Included in debtors \$000	Included in Provisions \$000	Total \$000	
<b>Group</b>				
At 1 January 2015	(600)	11,200	10,600	
(Credited)/Charged to the profit and loss account	(10,300)	1,700	(8,600)	
Balances transferred to debtors	4,600	(4,600)	-	
At 31 December 2015	<u>(6,300)</u>	<u>8,300</u>	<u>2,000</u>	
<b>Company</b>				
At 1 January 2015	-	-	-	
Credited to the profit and loss account	(2,700)	-	(2,700)	
At 31 December 2015	<u>(2,700)</u>	<u>-</u>	<u>(2,700)</u>	

In the 2013 Budget, issued on 20 March 2013, the Chancellor announced that the main rate of corporation tax would be reduced to 20% with effect from 1 April 2015. As this rate was enacted in the 2013 Finance Act, the deferred tax rate has been recognised at 20%.

The group's overseas tax rates are higher than those in the UK, primarily because the profits earned in North America are taxed at Federal rates of up to 35%.

The group has unprovided deferred tax assets of \$nil (2014: \$4.1m). The company has unprovided deferred tax assets of \$nil (2014: \$4.1m).

# Caparo Holdings (US) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2015

### 11 Property, plant and equipment

#### Group

	Land and buildings \$ 000	Plant and Machinery \$ 000	Total \$ 000
<b>Cost</b>			
At 1 January 2015	40,400	126,300	166,700
Additions	400	6,100	6,500
Disposals	-	(600)	(600)
Foreign exchange movements	(400)	(1,700)	(2,100)
At 31 December 2015	40,400	130,100	170,500
<b>Depreciation</b>			
At 1 January 2015	29,600	96,700	126,300
Charge for the year	1,400	6,200	7,600
Disposals	-	(600)	(600)
Foreign exchange movements	(400)	(1,500)	(1,900)
At 31 December 2015	30,600	100,800	131,400
<b>Carrying amount</b>			
At 31 December 2015	9,800	29,300	39,100
At 31 December 2014	10,800	29,600	40,400

### 12 Investments

#### Group

#### Details of undertakings

	Investment in associates \$ 000
<b>Cost</b>	
At 1 January 2015	-
Additions	3,200
Equity in operations	600
At 31 December 2015	3,800

In 2015, a subsidiary of Bull Moose Industries invested in a St Louis, Missouri building redevelopment project. The project will convert an empty historic building into a small luxury hotel along with office space for Bull Moose Industries. Completion of the renovations is forecasted for early 2018.

## Caparo Holdings (US) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015

#### Company

	2015 \$ 000	2014 \$ 000
Investments in subsidiaries	<u>29,244</u>	<u>29,244</u>
<b>Subsidiaries</b>		<b>\$ 000</b>
<b>Cost</b>		
At 1 January 2015 and 31 December 2015		<u>29,244</u>
<b>Carrying amount</b>		
At 31 December 2015		<u>29,244</u>
At 31 December 2014		<u>29,244</u>

At the year end the company owned 100% of the issued share capital of Bull Moose Industries Inc (formerly Caparo Inc), a company registered in the United States of America, and of Caparo Holdings Canada Limited, a company registered in England and Wales.

At the year end the subsidiary undertakings held by Bull Moose Industries Inc were as follows:

Subsidiary undertakings	Principal activity	Percentage of ordinary shares held		Country of incorporation or principal business address
		2015	2014	
Bull Moose Real Estate Holdings	Real estate joint venture	100%	100%	USA
Caparo Vehicle Products Inc	Dormant	100%	100%	USA
Caparo Vehicle Components Inc	Dormant	100%	100%	USA
Vehicle Components Caparo de Mexico	Dormant	100%	100%	Mexico
Bull Moose Industries Real Estate Holdings, LLC	Real Estate Investment	100%	0%	USA
TLG 634 Managing Member, LLC	Real Estate Investment	40%	0%	USA
Bull Moose Historic Tax Credit 634, LLC	Real Estate Investment	100%	0%	USA
Bull Moose Tube Company	Tubing manufacturer	100%	100%	USA
Elkhart Metal fabricating Inc.	Metal fabricator	100%	100%	USA
Bull Moose Tube of Casa Gande, LLC	Tubing manufacturer	100%	100%	USA
Warren Tube Company	Tubing manufacturer	100%	100%	USA
Bock Industries, Inc.	Tubing manufacturer	100%	100%	USA

## Caparo Holdings (US) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015

BMT Holdings, Inc	Owner of property	100%	100%	USA
Steeler, LLC	Owner of property	100%	100%	USA
Bull Moose Engineering, Inc.	Metal fabricator	100%	100%	USA

At the year end the subsidiary undertaking of Caparo Holdings Canada Limited was:

Subsidiary undertakings	Principal activity	Percentage of ordinary shares held	Country of incorporation or principal business address
Bull Moose Tube Limited	Tubing manufacturer	100%	Canada

### 13 Inventories

	Group	
	2015 \$ 000	2014 \$ 000
Raw materials and consumables	21,500	31,600
Work in progress	4,500	6,100
Finished goods and goods for resale	26,500	32,200
	<u>52,500</u>	<u>69,900</u>

There is no material difference between the carrying value of stocks and their replacement cost.

#### Group

The cost of stocks recognised as an expense in the year amounted to \$359,563,200 (2014 - \$303,392,000).

#### Impairment of inventories

The amount of impairment loss included in profit or loss is \$3,735,200 (2014 - \$3,243,800).

The impairment loss is included in Inventories.

The company holds no stock.



## Caparo Holdings (US) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015

#### 14 Debtors

	Note	Group		Company	
		2015 \$ 000	2014 \$ 000	2015 \$ 000	2014 \$ 000
Trade debtors		27,000	32,600	-	-
Receivables from related parties	22	5,179	-	90,179	61,032
Other receivables		3,846	3,500	-	-
Prepayments		4,500	4,500	-	-
Deferred tax assets	10	6,300	600	2,700	-
Income tax asset		3,400	1,300	-	-
		<u>50,225</u>	<u>42,500</u>	<u>92,879</u>	<u>61,032</u>
Total current trade and other receivables					

Included in the above are amounts falling due after more than one year:

	Group		Company	
	2015 \$ 000	2014 \$ 000	2015 \$ 000	2014 \$ 000
Amounts owed by group undertakings	-	-	85,000	60,000
Other debtors	900	1,100	-	-
Prepayments	1,700	1,700	-	-
Overseas deferred tax	3,600	600	-	-
	<u>6,200</u>	<u>3,400</u>	<u>85,000</u>	<u>60,000</u>

Amounts owed to group undertakings are interest bearing and have a fixed repayment date.

#### 15 Cash and cash equivalents

	Group		Company	
	2015 \$ 000	2014 \$ 000	2015 \$ 000	2014 \$ 000
Cash at bank	<u>2,600</u>	<u>2,301</u>	<u>-</u>	<u>-</u>

## Caparo Holdings (US) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015

#### 16 Share capital

##### Allotted, called up and fully paid shares

	2015		2014	
	No. 000	\$ 000	No. 000	\$ 000
Ordinary shares of £1.00 ( \$2 ) each	<u>102</u>	<u>0.17</u>	<u>102</u>	<u>0.17</u>

##### Share Premium

The share premium account represents amounts received by the Company over and above the nominal value of the shares issued.

#### 17 Loans and borrowings

	Group		Company
	2015	2014	2015
	\$ 000	\$ 000	\$ 000
<b>Non-current loans and borrowings</b>			
Bank borrowings	<u>60,400</u>	<u>79,200</u>	<u>-</u>
	Group		Company
	2015	2014	2015
	\$ 000	\$ 000	\$ 000
<b>Current loans and borrowings</b>			
Bank borrowings	<u>9,700</u>	<u>9,700</u>	<u>-</u>

Bank loans, overdrafts and similar finance are secured against certain assets of Bull Moose Tube Company.

Interest on the bank loans is charged at commercial margins above US LIBOR or US Prime.

Included in the loans and borrowings are the following amounts due:

	2015	2014
	\$ 000	\$ 000
< 1 Year	9,700	9,700
1 - 2 Years	60,400	9,750
2 - 5 Years	-	69,450
	<u>70,100</u>	<u>88,900</u>

The rate of interest on the loans is LIBOR plus a spread or Prime plus a spread for any portion not covered by a LIBOR contract. The spread is determined based on the combined leverage ratio of Blue Moose Tube Limited and Bull Moose Tube Company as defined in the loan agreement. At 31 December 2015, \$70,688k was covered by a LIBOR contract at an interest rate of 2.4239% maturing on 29 January 2016 and at 31 December 2014, \$80,438k was covered by a LIBOR contract at an interest rate of 2.16925% maturing 30 January 2015.

## Caparo Holdings (US) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015

#### 18 Obligations under leases and hire purchase contracts

##### Group

##### Operating leases

	2015		2014	
	Land & Buildings	Other	Land & Buildings	Other
	\$000	\$000	\$000	\$000
Not later than one year	500	200	600	100
Later than one year and not later than five years	700	100	1,100	200
Later than five years	200	-	200	-
	<u>1,400</u>	<u>300</u>	<u>1,900</u>	<u>300</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was \$900,000 (2014 - \$900,000).

## Caparo Holdings (US) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015

#### 19 Provisions

##### Group

	Other \$ 000	Deferred Tax \$ 000	Total \$ 000
At 1 January 2015	200	11,200	11,400
Charged to the profit and loss account	-	1,700	1,700
Balance transferred to debtors	-	(4,600)	(4,600)
Transferred to accruals	(200)	-	(200)
At 31 December 2015	-	8,300	8,300

#### 20 Creditors

		Group		Company	
	Note	2015 \$ 000	2014 \$ 000	2015 \$ 000	2014 \$ 000
<b>Due within one year</b>					
Loans and borrowings	17	9,700	9,700	-	-
Trade creditors		29,200	40,300	-	-
Social security and other taxes		600	470	-	-
Accruals and deferred income		9,825	7,581	25	25
		<u>49,325</u>	<u>58,051</u>	<u>25</u>	<u>25</u>
<b>Due after one year</b>					
Loans and borrowings	17	<u>60,400</u>	<u>79,200</u>	<u>-</u>	<u>-</u>

#### 21 Dividends

	2015 \$ 000	2014 \$ 000
Interim dividend of \$Nil (2014 - \$46,568.00) per ordinary share	<u>-</u>	<u>4,750</u>

#### 22 Related party transactions

##### Group

##### Summary of transactions with other related parties

At 31 December 2015 the group was owed an amount of \$5.2m (2014 - nil) from Jalia Holdings, the immediate parent of the company. The loan is non-interest bearing and has been repaid in full in 2016.

## **Caparo Holdings (US) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2015**

#### **Company**

##### **Summary of transactions with other related parties**

Transactions between two or more members of the group where any subsidiary undertaking party to those transactions is not wholly owned by a member of the group are considered immaterial and have not, therefore, been disclosed.

#### **23 Parent and ultimate parent undertaking**

Lord Paul and his family are jointly and indirectly interested in the whole of the issued share capital of the company through shareholdings registered in the name of Jalia Holding S.A., a company registered in the British Virgin Islands, which is owned and ultimately controlled by the Sedik Trust.

Caparo Holdings (US) Limited is the only entity in the group to prepare group accounts.

#### **24 Non adjusting events after the financial period**

In February 2016, Bull Moose Industries announced the acquisition of the business of XL Specialised Trailers, based in Manchester, Iowa, as the first element of a new division of Bull Moose Industries.

#### **25 Transition to FRS 102**

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard. There are no transitional adjustments.