Registration number: 02230563

Caparo Holdings (US) Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2016

Caparo Holdings (US) Limited

Contents

Caparo Holdings (US) Limited

Company Information

Directors

The Lord Paul of Marylebone

D P Dancaster

Company secretary

Goodwille Limited

Registered office

Caparo House
103 Baker Street
London
W1U 6LN

Auditor

Deloitte LLP
Birmingham

Caparo Holdings (US) Limited

Strategic Report for the Year Ended 31 December 2016

The directors present their strategic report for the year ended 31 December 2016.

Principal activity

The group has business interests predominately in steel tube, transportation products and property in North America held through Bull Moose Industries Inc.

Bull Moose Tube Company and its subsidiaries and Bull Moose Tube Limited (together "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.

Bull Moose Heavy Haul Inc acquired the business of XL Specialised Trailers, based in Manchester, Iowa, in February 2016. XL is a leading manufacturer of customised heavy-haul trailers for the commercial, construction and agricultural markets.

Bull Moose Industries Inc is also a partner with The Lawrence Group in projects to redevelop a vacant historic building into a hotel, office and mixed retail complex, as well as a historic foundry into a food court and mixed use office and retail destination, both located in central St Louis, Missouri.

Fair review of the business & key performance measures

The group's activities at Bull Moose Tube contributed $465.7m to sales in 2016 (2015: $435.7m). This improvement reflected both an increase in volumes shipped from 2015, and a rise in average prices as the price of steel and tubular products recovered in the North American market in 2016 from the softer demand of 2015. In particular, the significant rise in steel prices in the last quarter saw strong demand, with customers carrying high levels of stock at the year end. Following this very strong demand in November and December 2016, while steel prices continued to rise in early 2017, prices eased by mid-year and coupled with uncertainty on US policy on steel tariffs, Bull Moose saw a softening in market demand during the first half of 2017. More recently, the tube market has shown signs of increased demand and better prices.

At XL Specialised Trailers, the newly acquired business made a contribution of $34.3m in sales in 2016, in what was a cyclically weak market for much of the year for the sector. Towards the end of 2016 orders started to recover, and 2017 has seen a continuation of this trend.

The St Louis property project saw early preparation work in 2016. In August 2017, the building was renamed as the Angad Paul building, incorporating the Angad Arts Hotel, after the late son of Lord Paul, and, following completion of financing in September 2017, construction has commenced with completion scheduled for autumn 2018.

The operating profit of the group for 2016 was $67.0m (2015: $30.9m). After deducting interest and taxes the profit for the year amounted to $43.3m (2015: $24.9m). The group achieved an operating profit as a percentage of sales of 13.4% (2015: 7.1%) the increase caused by increased gross profit margins and sales volumes.

Distribution and administrative expenses of the group for 2016 amounted to $40.0m (2015: $27.1m).

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.

Principal risks and uncertainties (Continued)

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 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 2016. At 31 December 2016 Bull Moose Heavy Haul Inc was in non-compliance of certain of the covenants in its banking facilities. Subsequent to the year end, Bull Moose Heavy Haul Inc executed an amendment to its loan agreement, including a waiver of the non-compliance with covenants at 31 December 2016. Based on the 2017 forecasts, Bull Moose Industries expects compliance with bank covenants for all group companies 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 30/11/17 and signed on its behalf by:

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D P Dancaster

Director

Caparo Holdings (US) Limited

Directors Report for the Year Ended 31 December 2016

The directors present their report and the consolidated financial statements for the year ended 31 December 2016. The principal risks and uncertainties are referred to in the Strategic report.

Directors of the Group
The directors who held office during the year and to the date of this report were as follows:

The Lord Paul of Marylebone (appointed 4 April 2016)

D P Dancaster (appointed 4 April 2016)

Akhil Paul (resigned 17 March 2016)

Dividends
An interim dividend of $94,118 per ordinary share was paid during the year (2015: $nil per ordinary share). The directors do not recommend the payment of a final dividend.

Financial risk management policies and objectives

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 $73,824 (2015: $23,258), principally to local charities serving the communities in which the group operates. There were no political contributions made by the group during 2016 (2015: $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 2016, the group trade creditor days period represented approximately 42 days' (2015: 28 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 it's steel processing and trailer manufacturing businesses across North America during 2017.

Caparo Holdings (US) Limited

Directors Report for the Year Ended 31 December 2016

Going concern
As at the 31 December 2016, the group had net assets of $64.3m (2015 of $30.2m). On 29 September 2017 Bull Moose Tube entered into an agreement with its principal bankers providing renewed facilities expiring on 28 September 2022 and is subject to comply with covenants as part of this agreement. On 2 May 2017 Bull Moose Heavy Haul Inc entered into an amendment to its loan agreements which expire in 2021. The directors have reviewed cash flow forecasts for the period to November 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 2016. Production labour at each plant other than Casa Grande, Arizona is subject to collective bargaining arrangements. In July 2016 the Gerald Sheet Metal Workers contract expired and was renewed for five years. (The Burlington, Canada union contract was successfully renegotiated in Q2, 2017.)

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 2016

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 30/4/17 and signed on its behalf by:

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D P Dancaster
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 2016, 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 2016 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,based on the work undertaken in the course of the audit:

• 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; and
• the Strategic Report and the Directors' Report has been prepared in accordance with applicable legal requirements..

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Caparo Holdings (US) Limited

Independent Auditor's Report

Matters on which we are required to report by exception

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

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

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

Birmingham

Date: 30 November 2017

Caparo Holdings (US) Limited

Consolidated Profit and Loss Account for the Year Ended 31 December 2016

	Note	2016 $ 000	2015 $ 000
Turnover	3	500,100	435,700
Cost of sales		(393,000)	(378,100)
Gross profit		107,100	57,600
Distribution costs		(7,400)	(5,500)
Administrative expenses		(32,600)	(21,600)
Other operating (expense)/income	4	(100)	400
Operating profit		67,000	30,900
Share of profit in associated undertaking		-	600
Interest payable and similar charges	6	(2,300)	(2,000)
Profit before tax		64,700	29,500
Taxation	10	(21,400)	(4,600)
Profit for the financial year		43,300	24,900
Profit attributable to:			
Owners of the company		43,300	24,900

The above results were derived from continuing operations.

Caparo Holdings (US) Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2016

	Note	2016 $ 000	2015 $ 000
Profit for the year		43,300	24,900
Currency translation difference on foreign currency net investments		400	(1,200)
Total comprehensive income for the year		43,700	23,700
Total comprehensive income attributable to:			
Owners of the company		43,700	23,700

The notes on pages 17 to 41 form an integral part of these financial statements.

Caparo Holdings (US) Limited

(Registration number: 02230563)
Consolidated Balance Sheet as at 31 December 2016

	Note	2016 $ 000	2015 $ 000
Fixed assets			
Intangible assets	11	10,900	-
Goodwill	11	6,400	-
Tangible assets	12	43,200	39,100
Investments in associates	13	3,800	3,800
		64,300	42,900
Current assets			
Stocks	14	55,200	52,500
Debtors	15	54,200	50,200
Cash at bank and in hand	16	30,300	2,600
		139,700	105,300
Creditors: Amounts falling due within one year	21	(132,800)	(49,300)
Net current assets		6,900	56,000
Total assets less current liabilities		71,200	98,900
Creditors: Amounts falling due after more than one year	21	(100)	(60,400)
Provisions for liabilities	20	(6,800)	(8,300)
Net assets		64,300	30,200
Capital and reserves			
Called up share capital	17	-	-
Share premium reserve		17,300	17,300
Retained earnings		47,000	12,900
Equity attributable to owners of the company		64,300	30,200
Total equity		64,300	30,200

Approved and authorised by the Board on 30/11/17 and signed on its behalf by:

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D P Dancaster

Director

Caparo Holdings (US) Limited

(Registration number: 02230563)
Company Balance Sheet as at 31 December 2016

	Note	2016 $ 000	2015 $ 000
Fixed assets			
Investments	13	38,200	29,200
Current assets			
Debtors	15	86,400	92,900
Cash at bank and in hand		1,500	-
		87,900	92,900
Creditors: Amounts falling due within one year	21	(100)	-
Net current assets		87,800	92,900
Net assets		126,000	122,100
Capital and reserves			
Called up share capital	17	-	-
Share premium reserve		17,300	17,300
Retained earnings		108,700	104,800
Total equity		126,000	122,100

In accordance with section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented. The parent company's profit after tax for the financial year amounted to $13,500,000 (2015: profit of $31,800,000).

Approved and authorised by the Board on 30/11/17 and signed on its behalf by:

....

D P Dancaster

Director

The notes on pages 17 to 41 form an integral part of these financial statements.

Caparo Holdings (US) Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2016

	Share premium $ 000	Retained earnings $ 000	Total equity $ 000
At 1 January 2016	17,300	12,900	30,200
Profit for the year	-	43,300	43,300
Other comprehensive income	-	400	400
Total comprehensive income	-	43,700	43,700
Dividends (Note 22)	-	(9,600)	(9,600)
At 31 December 2016	17,300	47,000	64,300

	Share premium $ 000	Retained earnings $ 000	Total equity $ 000
At 1 January 2015	17,300	(10,800)	6,500
Profit for the year	-	24,900	24,900
Other comprehensive income	-	(1,200)	(1,200)
Total comprehensive income	-	23,700	23,700
At 31 December 2015	17,300	12,900	30,200

The notes on pages 17 to 41 form an integral part of these financial statements.

Caparo Holdings (US) Limited

Company Statement of Changes in Equity for the Year Ended 31 December 2016

	Share premium $ 000	Retained earnings $ 000	Total $ 000
At 1 January 2016	17,300	104,800	122,100
Profit for the year	-	13,500	13,500
Total comprehensive income	-	13,500	13,500
Dividends (note 22)	-	(9,600)	(9,600)
At 31 December 2016	17,300	108,700	126,000

	Share premium $ 000	Retained earnings $ 000	Total $ 000
At 1 January 2015	17,300	73,000	90,300
Profit for the year	-	31,800	31,800
Total comprehensive income	-	31,800	31,800
At 31 December 2015	17,300	104,800	122,100

Caparo Holdings (US) Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2016

	Note	2016 $ 000	2015 $ 000
Cash flows from operating activities			
Profit for the year		43,300	24,900
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	10,200	7,600
Share of profit in associated undertaking		-	(600)
Finance costs	6	2,300	2,000
Income tax expense	10	21,400	4,600
		77,200	38,500
Working capital adjustments			
Decrease in inventories	14	1,800	17,400
Increase in trade and other receivables	15	(8,000)	(1,100)
Increase/(decrease) in trade and other payables	21	18,300	(8,500)
Movement in provisions	20	-	(200)
Cash generated from operations		89,300	46,100
Income taxes paid	10	(15,300)	(15,300)
Net cash flow from operating activities		74,000	30,800
Cash flows used in investing activities			
Acquisitions of property plant and equipment		(10,600)	(6,500)
Acquisition of investments in associates	13	-	(3,200)
Acquisition of trade and assets of an undertaking in the year	11	(23,300)	-
Net cash flows from investing activities		(33,900)	(9,700)
Cash flows used in financing activities			
Interest paid	6	(2,300)	(2,000)
Proceeds from bank borrowing draw downs		10,000	-
Repayment of bank borrowing		(10,500)	(18,800)
Dividends paid		(9,600)	-
Net cash flows from financing activities		(12,400)	(20,800)
Net increase in cash and cash equivalents		27,700	300
Cash and cash equivalents at 1 January		2,600	2,300
Cash and cash equivalents at 31 December		30,300	2,600

The notes on pages 17 to 41 form an integral part of these financial statements.

1 General information

The company is incorporated and domiciled in England and Wales. It is a private company limited by shares.

The group has business interests predominately in steel tube manufacture, automotive products and property in North America trading under the names of Bull Moose Tube and XL Specialised Trailers.

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

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, modified to include certain items at fair value, 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 2016.

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 $13.5m (2015 - profit of $31.8m).

2 Accounting policies (continued)

Basis of consolidation (continued)

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 2016, the group had net assets of $64.3m (2015 of $30.2m). On 29 September 2017 Bull Moose Tube entered into an agreement with its principal bankers providing renewed facilities expiring on 28 September 2022 and is subject to comply with covenants as part of this agreement. On 2 May 2017 Bull Moose Heavy Haul Inc entered into an amendment to its loan agreements which expire in 2021. The directors have reviewed cash flow forecasts for the period to November 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.

2 Accounting policies (continued)

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 timings 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 balance sheet 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.

2 Accounting policies (continued)

Property, plant and equipment (continued)

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	2-10 years
Motor vehicles	3-5 years

Goodwill

Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences and customer-related intangible assets acquired in a business combination are recognised at fair value at the date of acquisition.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Customer relationships	10 Years Straight Line
Patents	10 Years Straight Line
Trade names	10 Years Straight Line
Goodwill	10 Years Straight Line

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.

2 Accounting policies (continued)

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.

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.

2 Accounting policies (continued)

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.

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).

2 Accounting policies (continued)

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.

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.

2 Accounting policies (continued)

Critical accounting judgements

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.

Fair value on acquisition

The assets and liabilities of X/L Specialised Trailers were remeasured to fair value at the date of their acquisition (3 February 2016). The key inputs into these fair value adjustments which contain both judgements and estimates are cash flow projections, the discount rate and royalty rates.

Key sources of estimation uncertainty

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.

3 Revenue

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

	2016 $ 000	2015 $ 000
Turnover	500,100	435,700

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

	2016 $ 000	2015 $ 000
Steel and Transportation products	500,100	435,700

3 Revenue (continued)

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

	2016 $ 000	2015 $ 000
North America	499,200	435,400
Rest of world	900	300
	500,100	435,700

4 Other operating (expense)/income

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

	2016 $ 000	2015 $ 000
Other operating expenses	(100)	-
Other operating income	-	400
	(100)	400

5 Operating profit

Arrived at after charging:

	2016 $ 000	2015 $ 000
Depreciation expense	8,400	7,600
Amortisation expense	1,800	-
Impairment of stock	7,700	3,200
Operating lease expense – plant and machinery	550	600
Operating lease expense - other	350	300
Cost of stock recognised as an expense	294,000	303,400

6 Interest payable and similar charges

	2016 $ 000	2015 $ 000
Interest expense on other finance liabilities	2,300	2,000

7 Staff costs

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

	2016 $ 000	2015 $ 000
Wages and salaries	45,200	38,500
Social security costs	11,400	11,200
Pension costs, defined contribution scheme	1,500	1,400
	58,100	51,100

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

	2016 No.	2015 No.
Production	455	375
Administration support	143	155
	598	530

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 $6,304,977 (2015: $3,228,784).

9 Auditors' remuneration

	2016 $ 000	2015 $ 000
Other fees to auditors'		
Fees payable to the company's auditor for the audit of the Company's annual consolidated financial statements	180	100
Taxation services	122	100
	302	200

10 Taxation

Tax charged/(credited) in the Profit and loss account

	2016 $ 000	2015 $ 000
Current taxation	19,100	13,700
Overseas corporation tax	500	(500)
Overseas corporation tax adjustment to prior periods	19,600	13,200
Deferred taxation		
Arising from origination and reversal of timing differences	700	(5,000)
Arising from changes in tax rates and laws	1,100	300
Adjustment in respect of previous periods	-	(3,900)
Total deferred taxation	1,800	(8,600)
Tax expense in the Profit and loss account	21,400	4,600

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20% (2015 - 20.25%).

The differences are reconciled below:

	2016 $ 000	2015 $ 000
Profit before tax	64,700	29,500
Corporation tax at standard rate	13,000	6,000
Effect of revenues exempt from taxation	100	-
Effect of expense not deductible in determining taxable profit	100	2,800
Effect of foreign tax rates	7,200	5,000
Deferred tax expense (credit) from unrecognised tax loss or credit	-	(8,600)
Increase in UK and foreign current tax from adjustment for prior periods	500	-
Tax decrease from effect of capital allowances and depreciation	(1,500)	(400)
Tax increase from other short-term timing differences	(300)	-
Tax increase arising from overseas tax suffered/expensed	1,200	1,300
Effect of tax rates changes for deferred tax	2,100	-
Other tax effects for reconciliation between accounting profit and tax income	(1,000)	(1,500)
Total tax charge	21,400	4,600

10 Taxation (continued)

Deferred tax

	Provided 2016 $ 000	Unprovided 2015 $ 000	Provided 2015 $ 000	Unprovided 2015 $ 000
Group - provision				
Accelerated capital allowances	(4,000)	-	(4,600)	-
Other timing differences	(1,500)	-	(100)	-
Losses	1,700	-	2,700	-
	(3,800)	-	(2,000)	-
Company - asset				
Losses	1,700	-	2,700	-

	Included in debtors $ 000	Included in Provisions $ 000	Total $ 000
Group			
At 1 January 2016	(6,300)	8,300	2,000
Charged to the profit and loss account	3,300	(1,500)	1,800
Balances transferred to debtors	-	-	-
At 31 December 2016	(3,000)	6,800	3,800
Company			
At 1 January 2016	(2,700)	-	(2,700)
Charged to the profit and loss account	1,000	-	1,000
At 31 December 2016	(1,700)	-	(1,700)

In the 2015 Budget, the Chancellor announced that the main rate of corporation tax would be reduced to 19% with effect from 1 April 2017. In the 2016 Budget, the Chancellor announced that the main rate of corporation tax would be reduced to 17% with effect from 1 April 2020. The deferred tax rate has been recognised at 19%.

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 (2015: $nil). The company has unprovided deferred tax assets of $nil (2015: $nil).

11 Intangible assets

Group

	Trademarks, patents and licenses $ 000	Goodwill $ 000
Additions acquired as part of a business combination	12,000	7,100
Amortisation charge	1,100	700
At 31 December 2016	10,900	6,400

The aggregate amount of research and development expenditure recognised as an expense during the period is $Nil (2015 - $Nil).

12 Property, plant and equipment

Group

	Land and buildings $ 000	Motor vehicles $ 000	Plant and Machinery $ 000	Total $ 000
Cost				
At 1 January 2016	40,400	-	130,100	170,500
Additions	1,200	100	11,200	12,500
Disposals	-	-	(1,100)	(1,100)
Foreign exchange movements	-	-	300	300
At 31 December 2016	41,600	100	140,500	182,200
Depreciation				
At 1 January 2016	30,600	-	100,800	131,400
Charge for the year	1,500	-	6,900	8,400
Disposals	-	-	(1,100)	(1,100)
Foreign exchange movements	-	-	300	300
At 31 December 2016	32,100	-	106,900	139,000
Carrying amount				
At 31 December 2016	9,500	100	33,600	43,200
At 31 December 2015	9,500	-	29,300	39,100

Included within the net book value of land and buildings above is $1,892,971 (2015 - $1,889,375) in respect of freehold land and buildings.

Included within the net book value of land and buildings above is $4,594,746 (2015 - $677,000) in respect of assets under construction.

13 Investments

Group

Details of undertakings

	Investment in associates
	$ 000
Cost	
At 1 January 2016 and 31 December 2016	3,800

In 2015, a subsidiary of Bull Moose Industries invested in 40% of the Ordinary shares of TLG 634 Managing Member LLC which is undertaking a St Louis, Missouri building redevelopment project. The project will convert an empty historic building into a small luxury hotel, office space and retail accommodation. Completion of the renovations is forecasted for late 2018.

Company

	2016 $ 000	2015 $ 000
Investments in subsidiaries	38,200	29,200

Subsidiaries	$ 000
Costs	
At 1 January 2016	29,200
Additions	9,000
At 31 December 2016	38,200
Carrying amount	
At 31 December 2016	38,200
At 31 December 2015	29,200

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.

During the year the company invested a further $9,000,000 into Bull Moose Industries Inc.

13 Investments (continued)

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	Registered office address
		2016	2015		
Caparo Vehicle Products Inc	Dormant	100%	100%	USA	1819 Clarkson Road, Suite 100, Chesterfield, MO 63017
Caparo Vehicle Components Inc	Dormant	100%	100%	USA	1819 Clarkson Road, Suite 100, Chesterfield, MO 63017
Vehicle Components Caparo de Mexico	Dormant	100%	100%	Mexico	1819 Clarkson Road, Suite 100, Chesterfield, MO 63017
Bull Moose Industries Real Estate Holdings, LLC	Real Estate Investment	100%	100%	USA	1819 Clarkson Road, Suite 100, Chesterfield, MO 63017
Bull Moose Tube Company	Tubing manufacturer	100%	100%	USA	1819 Clarkson Road, Suite 100, Chesterfield, MO 63017
Elkhart Metal Fabricating Inc.	Metal fabricator	100%	100%	USA	1819 Clarkson Road, Suite 100, Chesterfield, MO 63017
Bull Moose Tube of Casa Gande, LLC	Tubing manufacturer	100%	100%	USA	1819 Clarkson Road, Suite 100, Chesterfield, MO 63017
Warren Tube Company	Tubing manufacturer	100%	100%	USA	1819 Clarkson Road, Suite 100, Chesterfield, MO 63017
Bock Industries, Inc.	Tubing manufacturer	100%	100%	USA	1819 Clarkson Road, Suite 100, Chesterfield, MO 63017
BMT Holdings, Inc	Owner of property	100%	100%	USA	1819 Clarkson Road, Suite 100, Chesterfield, MO 63017
Steeler, LLC	Owner of property	100%	100%	USA	1819 Clarkson Road, Suite 100, Chesterfield, MO 63017
Bull Moose Engineering, Inc.	Metal fabricator	100%	100%	USA	1819 Clarkson Road, Suite 100, Chesterfield, MO 63017

13 Investments (continued)

Subsidiary undertakings	Principal activity	Percentage of ordinary shares held		Country of incorporation or principal business address	Registered office address
		2016	2015		
Bull Moose Historic Tax Credit 634, LLC	Real estate investment	100 %	100 %	USA	1819 Clarkson Road, Suite 100, Chesterfield, MO 63017
Bull Moose City Foundry Real Estate Holdings, LLC	Real estate investment	100 %	100 %	USA	1819 Clarkson Road, Suite 100, Chesterfield, MO 63017
Bull Moose City Foundry Tax Credit, LLC	Real estate investment	100 %	100 %	USA	1819 Clarkson Road, Suite 100, Chesterfield, MO 63017
Bull Moose Parking 634, LLC	Real Estate Investment	100 %	100 %	USA	1819 Clarkson Road, Suite 100, Chesterfield, MO 63017
Bull Moose Mobility, Inc	Holding company	100 %	100 %	USA	1819 Clarkson Road, Suite 100, Chesterfield, MO 63017
Bull Moose Heavy Haul, Inc	Trailer manufacturer	100 %	100 %	USA	1819 Clarkson Road, Suite 100, Chesterfield, MO 63017

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	Registered office address
Bull Moose Tube Limited	Tubing manufacturer	100%	Canada	1819 Clarkson Road, Chesterfield, MO 63017

Acquisition
On 3 February, 2016 the Company's subsidiary Bull Moose Heavy Haul Inc. acquired the majority of the assets of X/L Specialized Trailers. The purchase price was $23,277,503 paid in cash. $13,277,503 was funded out of the group's existing facilities, and $10,000,000 was funded from a new term loan provided by Fifth Third bank to Bull Moose Heavy Haul Inc.

13 Investments (continued)

The acquisition has been accounted for under the acquisition method. The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	Book Value	Revaluation	Fair value to Group
	$'000	$'000	$'000
Fixed assets			
Intangible	-	12,000	12,000
Tangible	1,400	500	1,900
Current assets			
Stocks	4,000	500	4,500
Debtors	1,200	-	1,200
Other current assets	900	-	900
Total assets	7,500	13,000	20,500
Creditors			
Trade creditors	2,700	-	2,700
Accruals and other current liabilities	1,600	-	1,600
Total liabilities	4,300	-	4,300
Net assets	3,200	13,000	16,200
Goodwill			7,100
			23,300
Satisfied by:			
Cash			23,300
Notes payable			-
			23,300

In the year ended 31 December 2016, turnover of $34,332,707 and profit of $274,254 was included in the consolidated profit and loss account in respect of Bull Moose Heavy Haul, dba X/L Specialized Trailers, since the acquisition date.

14 Inventories

	2016 $ 000	2015 $ 000
Raw materials and consumables	24,600	21,500
Work in progress	5,800	4,500
Finished goods and goods for resale	24,800	26,500
	55,200	52,500

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

The company holds no stock.

15 Debtors

	Note	Group 2016 $ 000	Group 2015 $ 000	Company 2016 $ 000	Company 2015 $ 000
Trade debtors		39,000	27,000	-	-
Receivables from related parties	23	2,200	5,200	84,700	90,200
Other receivables		6,000	3,800	-	-
Prepayments		4,000	4,500	-	-
Deferred tax assets	10	3,000	6,300	1,700	2,700
Income tax asset		-	3,400	-	-
		54,200	50,200	86,400	92,900

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

	Note	Group 2016 $ 000	Group 2015 $ 000	Company 2016 $ 000	Company 2015 $ 000
Receivables from related parties		-	-	84,700	84,700
Other receivables		3,000	900	-	-
Prepayments		1,000	1,700	-	-
Deferred tax assets		3,000	3,600	-	-
		7,000	6,200	84,700	84,700

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

16 Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	$ 000	$ 000	$ 000	$ 000
Cash at bank	30,300	2,600	1,500	-

17 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	No.	$ 000	No.	$ 000
Ordinary shares of £1.00 ($2) each	102	0.17	102	[illegible]

Share Premium

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

18 Loans and borrowings

	Group		Company	
	2016	2015	2016	2015
	$ 000	$ 000	$ 000	$ 000
Non-current loans and borrowings				
Bank borrowings	-	60,400	-	-

	Group		Company	
	2016	2015	2016	2015
	$ 000	$ 000	$ 000	$ 000
Current loans and borrowings				
Bank borrowings	69,700	9,700	-	-

Bank loans, overdrafts and similar finance are secured against certain assets of Bull Moose Tube Company, Bull Moose Tube Limited and/or Bull Moose Heavy Haul, Inc.

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

18 Loans and borrowings (continued)

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

	2016	2015
	$ 000	$ 000
< 1 Year	69,700	9,700
1 - 2 Years	-	60,400
	69,700	70,100

Bull MooseTube Company and Bull Moose Tube Limited and their subsidiaries have a joint banking facility maturing in December 2017 under which $60,637,000 was outstanding at 31 December 2016 (2015: $70,087,000). This facility is secured over the assets of these companies. Interest on these loans is payable at a margin over LIBOR or US Prime Rate for any portion not covered by a LIBOR contract. The margin is determined based on the combined leverage ratio of these companies. At 31 December 2016, $60,938,000 was covered by a LIBOR contract at an interest rate of 2.82% maturing on 28 February 2017 (at 31 December 2015, $70,688,000 was covered by a LIBOR contract at an interest rate of 2.42% maturing on 29 January 2016). This facility was refinanced by a new facility in September 2017 maturing in 2022.

Bull Moose Heavy Haul Inc, on the acquisition of the business and assets of XL Specialised Trailers, entered into a banking facility during 2016 under which $8,985,000 was outstanding at 31 December 2016. Of this amount, $1,000,000 was repayable within one year. The balance of the facility is repayable over the period to maturity of the facility in February 2021. The facility requires Bull Moose Heavy Haul Inc to meet certain restrictive covenants. The company entered into an amendment to the facility agreement in May 2017, which includes a waiver from the lender for non-compliance with certain covenants as at 31 December 2016. Due to the covenant breaches at 31 December 2016, all of the debt due under this facility has been classified as repayable within one year in these financial statements. This facility is secured over substantially all of the assets of Bull Moose Heavy Haul Inc. Interest on this loan is payable at a margin over LIBOR. At 31 December 2016, $9,100,000 was covered by a LIBOR contract maturing on 1 January 2017.

19 Obligations under leases and hire purchase contracts

Group

Operating leases

	2016			2015		
	Land & Buildings	Other	Total	Land & Buildings	Other	Total
	$000	$000	$000	$000	$000	$000
Not later than one year	1,051	134	**1,185**	500	200	**700**
Later than one year and not later than five years	2,207	102	**2,309**	700	100	**800**
Later than five years	212	-	**212**	200	-	**200**
	3,470	236	**3,706**	1,400	300	**1,700**

20 Provisions

Group

	2016 $ 000	2015 $ 000
At 1 January 2016	8,300	8,300
Charged to the profit and loss account	(1,500)	(1,500)
At 31 December 2016	6,800	6,800

21 Creditors

	Note	Group		Company	
		2016	2015	2016	2015
Due within one year		$ 000	$ 000	$ 000	$ 000
Loans and borrowings	18	69,700	9,700	-	-
Trade creditors		41,200	29,200	-	-
Social security and other taxes		1,100	600	-	-
Accruals and deferred income		19,900	9,800	100	-
Income tax liability	10	900	-	-	-
		132,800	49,300	100	-
Due after one year					
Loans and borrowings	18	-	60,400	-	-
Accruals and deferred income		100	-	-	-
		100	60,400	-	

22 Dividends

An interim dividend of $94,118 per ordinary share was paid during the year (2015: $nil per ordinary share). The directors do not recommend the payment of a final dividend.

23 Related party transactions

Group

Summary of transactions with other related parties

At 1 January 2016 the group was owed $5,179k by Jalia Holdings S.A. ("Jalia"), the immediate parent of the company. During the year the company paid dividends to Jalia of $9,566k, lent Jalia $3,245k and was repaid by Jalia $6,241k. At 31 December 2016 the group was owed $2,184k by Jalia (2015: $5,179k). The loans are non-interest bearing.

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.

24 Financial instruments

The carrying values of the Group's financial assets and liabilities are summarised by category below:

	2016 $'000	2015 $'000
Financial assets		
Measured at amortised cost		
• Cash at bank and in hand	30,300	2,600
• Trade and other debtors (note 15)	45,000	30,800
• Receivables from related parties	2,200	5,200
	77,500	38,600
Financial liabilities		
Measured at amortised cost		
• Loans and borrowings payable (note 21)	69,700	70,100
• Trade creditors (note 21)	41,200	29,200
	110,900	99,300

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	2016 $'000	2015 $'000
Interest income and expense		
Total interest expense for financial liabilities at amortised cost	(2,300)	(2,000)

25 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.