

Hesco Bastion Limited

Company Registration No.02600319

Financial statements

For the year ended 31 January 2015



Mazars House, Gelderd Road, Gildersome, Leeds LS27 7JN
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HESCO BASTION LIMITED

COMPANY INFORMATION

YEAR ENDED 31 JANUARY 2015

The Board of Directors

M Hughes
K Lyons
M Atkinson

Company Secretary

M Hughes

Registered number

02600319

Registered office

Unit 41
Knowsthorpe Way
Cross Green Industrial Estate
Leeds
LS9 0SW

Registered auditor

Mazars LLP
Chartered Accountants & Statutory Auditor
Mazars House
Gelderd Road
Gildersome
Leeds
LS27 7JN

Bankers

Barclays Bank plc
93-95 Main Street
Garforth
Leeds
LS25 1AF

HESCO BASTION LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

YEAR ENDED 31 JANUARY 2015

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HESCO BASTION LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2015

The Directors present their strategic report of the Company for the year ended 31 January 2015.

Review and analysis of the business during the current year

The Company continued its principal activity throughout the current year.

Fair review of the business

As Directors, we aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. This review is consistent with the size and non-complex nature of the business and is written in the context of the risks and uncertainties that the business faces.

Development and performance of the business

During the year the Company's turnover increased to £25.2 million compared to £20 million in the previous year. The increase in volumes reflects the continuing expansion of the Company's activities into new market sectors.

The increased turnover and enhanced margins has resulted in actual gross profit being £11.2 million as compared to £8.3 million for the prior year. Ongoing management focus on administrative expenses has resulted in operating profit of £9.5 million compared with £4.7 million in the prior year.

The overall profit before tax has increased to £9.3 million this year compared to £4.5 million last year.

Product development has been an area of focus during the year with the Company bringing new products to market.

Financial position as the reporting date

The cash and bank balances have decreased to £11.7 million compared to £13.6 million at the previous year end which is largely due to movements in working capital and the Company funding payments made on behalf of other group companies. The cash reserves continue to be strong and at 31 January 2015 the Company continued to benefit from £9.1 million of borrowings from its holding company. Since year end the borrowings have reduced to £6.0 million, with the Directors approving early repayment of £3.1 million of the long term loan out of surplus cash reserves. Overall net assets have increased to £24.1 million (2014 - £16.2 million).

HESCO BASTION LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 JANUARY 2015

Principal risks and uncertainties

The principal risks and uncertainties facing the business largely relate to a significant proportion of the Company's turnover arising from a limited number of key customers and the related spending and circumstances of those customers.

The main risks are analysed below.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. The Company's credit risk is primarily attributable to its trade debtors. Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors. There could be a significant concentration of credit risk as there are a small number of large customers. However, such customers are large government agencies and hence the risk is considered to be minimal.

All of the business' cash balances are held in such a way that achieves a competitive rate of interest given the current market conditions. The business makes use of money market facilities to invest surplus cash. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company has a strong cash position and these exceed its current borrowings. Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

The Company is exposed to foreign currency risk as a consequence of trading in currencies other than sterling. The Company's transactional currency exposure arises on sales and purchases in currencies denominated in foreign currencies, particularly US dollar and euro. Significant sale and purchases are matched wherever possible. Monetary items, being mainly cash, trade debtors and trade creditors, denominated in foreign currency are included in the financial statements at the year-end rate. During the year these balances are monitored closely, with significant exposures over a natural hedge being managed via spot exchange rate contracts.

This report was approved by the board on 15 October 2015 and signed on its behalf by:



M Hughes
Director

41 Knowsthorpe Way
Cross Green Industrial Estate
Leeds
LS9 0SW

15 October 2015

HESCO BASTION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2015

The Directors present their report and the financial statements of the Company for the year ended 31 January 2015.

Principal activities

The principal activity of the Company is the manufacture of protective wall systems. There has not been any significant change in the Company's principal activity in the year under review. The Directors are not aware, at the date of this report, of any likely major changes in the Company's principal activity in the forthcoming year.

Financial instruments

The Company's Directors and senior management are responsible for managing the credit, liquidity, cash flow and foreign currency risks associated with the Company's activities. The Company's principal financial instruments comprise bank balances together with various other financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations. The main purpose of these instruments is to finance the Company's operations.

Future developments

The Directors consider that expansion into new market sectors will continue and this will complement the business's existing market. In addition, product development has been an area of focus during the year and the Company is anticipating bringing new products to market in the near future.

Directors

The Directors who served the Company during the period were as follows:

M Hughes
K Lyons
M Atkinson

Statement of Directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
 - make judgements and accounting estimates that are reasonable and prudent;
 - 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.
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HESCO BASTION LIMITED

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 JANUARY 2015

Statement of Directors' responsibilities (continued)

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for the maintenance and integrity of the Company's website.

Statement as to disclosure of information to auditors

Each Director has taken all steps that they ought to have taken as a Director in order to make themselves aware, as a Director, of any relevant audit information and to establish that the auditors are aware of that information. As far as the Directors are aware, there is no relevant audit information of which the auditors are unaware.

Research and development

The Directors consider that research and development directed towards the introduction of new and improved products is vital to the Group's continuing success. Research and development expenditure of £534,265 (2014 – £350,952) was incurred during the year. No costs have been capitalised.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, therefore they continue to adopt the going concern basis for accounting in preparing the annual financial statements.

For further information regarding the Directors' assessment of the going concern status of the Company, refer to the accounting policies Note 1 in the financial statements.

Auditor

Mazars LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

This report was approved by the board on 15 October 2015 and signed on its behalf by:



M Hughes
Director

41 Knowsthorpe Way
Cross Green Industrial Estate
Leeds
LS9 0SW

15 October 2015

HESCO BASTION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HESCO BASTION LIMITED FOR THE YEAR ENDED 31 JANUARY 2015

We have audited the financial statements of Hesco Bastion Limited for the year ended 31 January 2015 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 and 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

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

Opinion on the other matter prescribed by the Companies Act 2006

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

HESCO BASTION LIMITED

INDEPENDENT AUDITOR'S REPORT (continued) TO THE MEMBERS OF HESCO BASTION LIMITED FOR THE YEAR ENDED 31 JANUARY 2015

Matters on which we are required to report by exception

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

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



Shaun Mullins (Senior Statutory Auditor)

for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

Mazars House
Gelderd Road
Gildersome
Leeds
LS27 7JN

23 October 2015

HESCO BASTION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 2015

	Note	2015 £	2014 £
Turnover	2	25,235,022	19,937,935
Cost of sales		(14,001,765)	(11,652,403)
Gross profit		11,233,257	8,285,532
Administrative expenses		(2,009,834)	(3,788,661)
Other operating income	3	228,760	160,758
Operating profit	4	9,452,183	4,657,629
Interest receivable		77,921	93,885
Interest payable and similar charges	8	(238,949)	(269,134)
Profit on ordinary activities before taxation		9,291,155	4,482,380
Tax on profit on ordinary activities	9	(1,343,979)	(497,785)
Profit for the financial year		7,947,176	3,984,595

All of the activities of the Company are classed as continuing.

The Company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 19 form part of these financial statements.

HESCO BASTION LIMITED
Registered Number: 02600319
BALANCE SHEET
AS AT 31 JANUARY 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Intangible assets	11		-		-
Tangible assets	12		296,120		325,943
Investments	13		-		-
			<u>296,120</u>		<u>325,943</u>
Current assets					
Stocks	14	6,849,068		4,442,605	
Debtors: amounts due within one year	15	11,188,740		12,749,695	
Debtors: amounts due after more than one year	17	13,384,470		9,567,195	
Cash at bank		<u>11,707,612</u>		<u>13,550,465</u>	
		43,129,890		40,309,960	
Creditors: amounts due within one year	18	<u>(10,226,724)</u>		<u>(12,446,033)</u>	
Net current assets			<u>32,903,166</u>		<u>27,863,927</u>
Total assets less current liabilities			33,199,286		28,189,870
Creditors: due after more than one year	19		<u>(9,062,240)</u>		<u>(12,000,000)</u>
Net Assets			<u>24,137,046</u>		<u>16,189,870</u>
Capital and reserves					
Called-up share capital	24		125		125
Profit and loss account	25		<u>24,136,921</u>		<u>16,189,745</u>
Shareholders' funds	26		<u>24,137,046</u>		<u>16,189,870</u>

These financial statements were approved by the Directors and authorised for issue on 15 October 2015 and are signed on their behalf by:



M Hughes
Director

15 October 2015

The notes on pages 9 to 19 form part of these financial statements.

HESCO BASTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2015

1 Accounting policies

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 3 and 4. The financial position of the Company, its liquidity position and financial risk management are described in the Strategic Report on pages 1 and 2.

The Company's forecast and projections, taking into account all reasonably possible changes in trading performance, show that the Company should be able to operate within its current working capital facility.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. They thus continue to adopt the going concern basis of accounting in preparing these financial statements.

1.3 Consolidation

The Company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated financial statements.

1.4 Cash flow statement

The Company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the Company is a subsidiary, where 90 per cent or more of the voting rights are controlled within the group and the parent company has prepared publicly available consolidated financial statements which include a consolidated cash flow statement incorporating the Company's cash flows.

1.5 Turnover

The turnover shown in the profit and loss account represents the value of all goods sold during the period, less returns received, at selling price exclusive of Value Added Tax. Sales are recognised at the point at which the Company has fulfilled its contractual obligations and the risks and rewards attaching to the product, such as obsolescence, have been transferred to the customer.

1.6 Research and development

Research and development expenditure is written off in the profit and loss account in the period in which it is incurred.

1.7 Intangible assets and amortisation

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset as follows:

Patents	- 20% straight line basis
Intellectual property	- 20% straight line basis

HESCO BASTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2015 (continued)

1 Accounting policies (continued)

1.8 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition.

1.9 Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:-

Long leasehold land and property	- 2% straight line basis
Plant & Machinery	- 20% straight line basis
Fixtures & Fittings	- 20% straight line basis
Office Equipment	- 20% straight line basis
Motor Vehicles	- 25% straight line basis

1.10 Stocks

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

Stock is valued on a standard cost basis where cost includes material and direct labour costs together with an appropriate proportion of production overheads. Net realisable value is the anticipated sales proceeds less any costs of disposal.

1.11 Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

1.12 Pension costs

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year. The assets of the scheme are held separately from those of the Company in an independently administered fund.

1.13 Deferred taxation

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 have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, or a right to receive repayments of tax.

Deferred tax assets are recognised only to the extent that the Directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted. Deferred tax assets and liabilities recognised have not been discounted.

1.14 Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at an average rate for the period if the rates do not fluctuate significantly. Monetary assets and liabilities are translated at year end exchange rates or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. The resulting exchange rate differences are charged to the profit and loss account.

HESCO BASTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2015 (continued)

1 Accounting policies (continued)

1.15 Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any permanent diminution in value.

2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the Company.

An analysis of turnover is given below:

	2015	2014
	£	£
United Kingdom	1,088,512	1,867,287
Europe	1,365,082	2,446,693
Rest of World	22,781,428	15,623,955
	<u>25,235,022</u>	<u>19,937,935</u>

3 Other operating income

	2015	2014
	£	£
Royalties received	<u>228,760</u>	<u>160,758</u>

4 Operating profit

Operating profit is stated after charging/(crediting):

	2015	2014
	£	£
Depreciation of owned fixed assets	100,207	297,286
Amortisation of intangible assets	-	80,000
Investment impairment charge	-	1,000
Research and development costs	534,265	350,952
Profit on disposal of fixed assets	(20,935)	(49,391)
Gain on foreign exchange	(58,109)	(96,469)
Operating lease costs for land and buildings	<u>341,860</u>	<u>442,431</u>

5 Auditor's remuneration

	2015	2014
	£	£
Fees payable to the Company's auditors:		
For the audit of the Company's financial statements	26,750	29,756
For services relating to taxation	5,750	4,625
Other - staff evaluation and training services	10,767	24,317
	<u>43,267</u>	<u>58,698</u>
Total audit fees	<u>26,750</u>	<u>29,756</u>
Total non-audit fees	<u>16,517</u>	<u>28,942</u>

HESCO BASTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2015 (continued)

6 Employees

The average number of staff employed by the Company during the year amounted to:

	2015	2014
	No	No
Production	68	67
Administration	24	29
	<u>92</u>	<u>96</u>

The aggregate payroll costs of the above were:

	2015 £	2014 £
Wages and salaries	3,515,408	3,714,421
Social security costs	344,687	383,138
Other pension costs	86,851	100,334
	<u>3,946,946</u>	<u>4,197,893</u>

7 Directors' remuneration

The Directors' aggregate remuneration in respect of qualifying services was:

	2015 £	2014 £
Aggregate remuneration	640,429	537,355
Value of Company pension contributions to money purchase schemes	11,700	12,493
	<u>652,129</u>	<u>549,848</u>

Remuneration of highest paid Director:

	2015 £	2014 £
Total remuneration (excluding pension contributions)	336,750	272,250
Value of Company pension contributions to money purchase schemes	1,200	1,200
	<u>337,950</u>	<u>273,450</u>

The number of Directors accruing benefits under money purchase pension schemes was as follows:

	2015 No	2014 No
Money purchase schemes	<u>3</u>	<u>4</u>

HESCO BASTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2015 (continued)

8 Interest payable and similar charges

	2015 £	2014 £
Interest on other loans	238,949	269,134

Interest paid to group undertakings amounted to £238,949 (2014 – £269,134).

9 Taxation on ordinary activities

a) Analysis of charge in the period

	2015 £	2014 £
In respect of the year:		
UK Corporation tax based on the results for the year at 21.33% (2014 – 23.17%)	1,204,940	265,452
Adjustment in relation to prior years	110,467	-
	1,315,407	265,452
Deferred tax:		
Tax charge in the year	28,572	232,333
Tax on profit on ordinary activities	1,343,979	497,785

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 21.33% (2014 – 23.17%).

	2015 £	2014 £
Profit on ordinary activities before taxation	9,291,155	4,482,380
Profit on ordinary activities by rate of tax	1,981,803	1,038,567
Effects of:		
Expenses not deductible for tax purposes	77,994	31,829
Capital allowances in excess of depreciation	(52,423)	(9,040)
Enhanced relief for research and development	(113,959)	(91,629)
Patent box adjustment	(121,831)	(73,241)
Loss/(profit) on disposal of fixed assets	1,311	(11,444)
Group relief	-	(81,818)
Impairment charge	-	231
Adjustment to tax charge in respect of prior periods	110,467	-
Other timing differences	(567,955)	(537,541)
Total current tax (note 9(a))	1,315,407	265,452

HESCO BASTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2015 (continued)

10 Dividends

Equity Dividends	2015 £	2014 £
Paid during the year:		
Dividends on equity shares	<u>-</u>	<u>410,000</u>

11 Intangible fixed assets

	Intellectual Property £
Cost and amortisation	
At 1 February 2014 and 31 January 2015	<u>100,000</u>
Net book value	
At 31 January 2015 and 31 January 2014	<u>-</u>

12 Tangible fixed assets

	Leasehold Properties £	Fixtures & Fittings £	Office Equipment £	Plant & Machinery £	Motor Vehicles £	Total £
Cost						
At 1 February 2014	69,237	280,842	312,631	2,478,228	41,845	3,182,783
Additions	10,601	23,492	46,018	-	-	80,111
Disposals	-	(8,085)	(5,328)	(45,861)	(14,987)	(74,261)
At 31 January 2015	<u>79,838</u>	<u>296,249</u>	<u>353,321</u>	<u>2,432,367</u>	<u>26,858</u>	<u>3,188,633</u>
Depreciation						
At 1 February 2014	2,051	238,592	160,249	2,418,205	37,743	2,856,840
Charge for the period	1,479	16,682	53,996	25,878	2,172	100,207
Disposals	-	(4,030)	(2,876)	(44,571)	(13,057)	(64,534)
At 31 January 2015	<u>3,530</u>	<u>251,244</u>	<u>211,369</u>	<u>2,399,512</u>	<u>26,858</u>	<u>2,892,513</u>
Net book value						
At 31 January 2015	<u>76,308</u>	<u>45,005</u>	<u>141,952</u>	<u>32,855</u>	<u>-</u>	<u>296,120</u>
At 31 January 2014	<u>67,186</u>	<u>42,250</u>	<u>152,382</u>	<u>60,023</u>	<u>4,102</u>	<u>325,943</u>

HESCO BASTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2015 (continued)

13 Investments

	Group shares £
Cost and amortisation	
At 1 February 2014 and 31 January 2015	<u>5,025,000</u>
Net book value	
At 31 January 2014 and 2013	<u>-</u>

The investment represents 100% of the issued share capital of Hesco Corrosion Control Products Limited, a dormant company incorporated in England & Wales. This subsidiary undertaking had net assets of £1,000 at both 31 January 2015 and 2014. During the year, Hesco Corrosion Control Products Limited went into Members' Voluntary Liquidation. On 10 June 2015 the Joint Liquidator declared a distribution in specie to Hesco Bastion Limited of £1,000.

14 Stocks

	2015 £	2014 £
Raw materials	3,012,496	2,599,050
Finished goods	<u>3,836,572</u>	<u>1,843,555</u>
	<u>6,849,068</u>	<u>4,442,605</u>

15 Debtors

	2015 £	2014 £
Trade debtors	9,145,038	7,542,121
Amounts owed by group undertakings	863,945	1,182,311
Other debtors	184,077	10,006
Prepayments and accrued income	155,446	321,182
Corporation tax	152,168	1,581,325
Other taxation	579,363	1,975,475
Deferred taxation (note 16)	<u>108,703</u>	<u>137,275</u>
	<u>11,188,740</u>	<u>12,749,695</u>

HESCO BASTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2015 (continued)

16 Deferred taxation

The deferred tax included in the balance sheet is as follows:

	2015	2014
	£	£
Included in debtors (note 15)	<u>108,703</u>	<u>137,275</u>

The movement in the deferred taxation account during the year was:

	2015	2014
	£	£
At 1 February	137,275	369,608
Profit and loss account movement arising during the year	(28,572)	(232,333)
At 31 January	<u>108,703</u>	<u>137,275</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2015	2014
	£	£
Excess of depreciation over taxation allowances	<u>108,703</u>	<u>137,275</u>

Deferred tax is provided at 20% (2014 – 20%)

17 Debtors: due after more than one year

	2015	2014
	£	£
Amounts owed by group undertakings	<u>13,384,470</u>	<u>9,567,195</u>

The balance falling due after more than one year has no fixed repayment date and is unsecured.

HESCO BASTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2015 (continued)

18 Creditors: due within one year

	2015 £	2014 £
Trade creditors	2,117,654	956,688
Amounts owed to group undertakings	1,358,658	939,633
Other taxes and social security costs	85,950	228,179
Other creditors	11,585	114,924
Accruals and deferred income	6,652,877	10,206,609
	<u>10,226,724</u>	<u>12,446,033</u>

19 Creditors: due after more than one year

	2015 £	2014 £
Amounts owed to group undertakings	<u>9,062,240</u>	<u>12,000,000</u>

The debenture loan from the ultimate parent company is repayable in full in July 2018, or before that date with 13 months' notice. Interest is charged at 1.5% above the UK bank rate. The debenture is secured via fixed and floating charge over the Company's assets. Post year end the Directors approved the early repayment of £3,062,240 of the debenture loan.

20 Commitments under operating leases

	2015 £	2014 £
Land and buildings		
Operating leases which expire:		
Within 2 to 5 years	-	42,431
After more than 5 years	290,000	290,000
	<u>290,000</u>	<u>332,431</u>

21 Bonds and guarantees

The Company has entered into the following bank guarantees:

Type	2015 £	2014 £
Performance bonds	649,349	1,271,049
Other guarantees	-	6,085
	<u>649,349</u>	<u>1,277,134</u>

The Company does not expect a claim under any of these guarantees.

HESCO BASTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2015 (continued)

22 Pension scheme

The Company contributes to pension schemes of the defined contribution type for certain employees. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £86,851 (2014 - £100,334).

Included in creditors is £12,436 (2014 - £12,376) in respect of employee and employer contributions due to the scheme at the year end.

23 Related party transactions

The Company has taken advantage of the exemption under Financial Reporting Standard No 8 "Related Party Transactions" from disclosing transactions with the group of companies headed by Hesco Group Limited (formerly Hesco Bastion (Group) Limited) on the basis that it is a 100% owned subsidiary.

During the year Heselden Holdings Limited (formerly Flint Mill Limited) charged interest and rent of £238,949 (2014 - £269,134) and £290,000 (2014 - £400,000) respectively to the Company. At year end £10,419,899 (2014 - £12,938,633) is owed to Heselden Holdings and is analysed as £1,357,658 (2014 - £938,633) due within one year and £9,062,240 (2014 - £12,000,000) due after more than one year.

During the year the Company made purchases in respect of Director services on normal commercial terms from WPA Associates amounting to £212,750 fees plus expenses of £2,440 (2014 - £218,250 and £6,253 respectively). This amount, excluding expenses, is included in Directors' remuneration. In addition the Company made purchases in respect of professional services amounting to £75,280 (2014 - £nil). M Hughes, a Director of the Company, has an involvement and interest in WPA Associates. Included in creditors at 31 January 2015 is an amount of £14,100 (2014 - £26,915) due to WPA Associates.

During the year the Company made purchases in respect of Director services on normal commercial terms from Lakeland Consultancy Ltd amounting to £100,000 (2014 - £nil). This amount is included in Directors' remuneration. M Hughes, a Director of the Company, has an involvement and interest in Lakeland Consultancy Ltd. Included in creditors as 31 January 2015 is an amount of £100,000 (2014 - £nil) due to Lakeland Consultancy Ltd.

The Company has a balance with The Executors of the Estate of James William Heselden which at the year-end amounted to £nil (2014 - £102,505 shown as part of other creditors). Transactions incurred by the Company on behalf of The Executors are charged or credited to this account during the year. In the year payments and receipts on behalf of The Executors totalled £3,040,265 and £2,937,760 (2014 - £55,815 and £nil), respectively.

24 Share capital

Allotted, called up and fully paid:

	2015		2014	
	No	£	No	£
125 Ordinary shares of £1 each	125	125	125	125

HESCO BASTION LIMITED

NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31 JANUARY 2015 (continued)

25 Profit and loss account

	2015	2014
	£	£
Balance brought forward	16,189,745	12,615,150
Profit for the financial year	7,947,176	3,984,595
Equity dividends	-	(410,000)
Balance carried forward	<u>24,136,921</u>	<u>16,189,745</u>

26 Reconciliation of movements in shareholders' funds

	2015	2014
	£	£
Profit for the financial year	7,947,176	3,984,595
Equity dividends	-	(410,000)
Net addition to shareholders' funds	<u>7,947,176</u>	<u>3,574,595</u>
Opening shareholders' funds	<u>16,189,870</u>	<u>12,615,275</u>
Closing shareholders' funds	<u>24,137,046</u>	<u>16,189,870</u>

27 Ultimate parent company

The Company's immediate parent company is Hesco Group Limited (formerly Hesco Bastion (Group) Limited), a company registered in England and Wales. The ultimate parent company is Heselden Holdings Limited (formerly Flint Mill Limited), a company registered in England and Wales.

The largest and smallest group of undertakings for which group financial statements have been drawn up is that headed by Heselden Holdings Limited. Group financial statements are available from the registered office, Unit 41, Knowsthorpe Way, Leeds, LS9 0SW.

28 Ultimate controlling party

The Company's ultimate controlling party is The Executors of the Estate of James William Heselden by virtue of their controlling interest in the Company's ultimate parent company.