

Hunwick Engineering Limited

Report and Financial Statements

Year Ended

31 March 2016

Company Number 04437451



Hunwick Engineering Limited

Company Information

Directors	Mr K T Ripper Mr D M Hymas Mr M W Knowles Mr D Hills - appointed 21 April 2016
Registered number	04437451
Registered office	Unit 4-7 The Old Airfield Gosfield Halstead Essex CO9 1SA
Independent auditors	BDO LLP 16 The Havens Ransomes Europark Ipswich Suffolk IP3 9SJ

Hunwick Engineering Limited

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Hunwick Engineering Limited

Strategic Report For the Year Ended 31 March 2016

The directors present the strategic report and financial statement for the year ended 31 March 2016.

Review of business and future developments

The results of the company, as set out on pages 6 and 7, show a profit on ordinary activities before tax of £935,026 (2015: £81,764). Shareholders funds total £1,599,591 (2015: £834,789).

This financial year has seen another successful trading period with increased volumes, and improved processes to assist in continuing to deliver good quality products to our customer base. With continued investment being made at the site then this position is expected to improve, and with the green credentials of the site vastly improved with the connection of a solar power, recycled water facilities, and later in the current financial year connection to an anabolic digester, the overheads are being further managed to improve the return to investors.

The business has seen a 28.4% increase in turnover for the period through improved productivity, but also managed to maintain comparable gross profit margins to last year despite increased material costs.

Administrative overheads have been closely managed to achieve a 9% reduction on last year whilst maintaining the levels of service expected.

Principal risks and uncertainties

The objective of the company is to manage its financial risks as well as its other business risks with parameters agreed and approved by the directors. The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expenses, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

The company is at risk from rising costs as well as normal commercial risks to the industry.

The directors monitor the performance of the company using a number of key performance indicators, including sales and profitability.

This report was approved by the board on 21 December 2016 and signed on its behalf.



Mr D Hills
Director

Hunwick Engineering Limited

Directors' Report For the Year Ended 31 March 2016

The directors present their report and the financial statements for the year ended 31 March 2016.

Principal activity

The principal activity of the company continued to be that of manufacture and sale of car transporters, metal structures and parts.

Business review

The business review and principal risks have been included in the strategic report on page 1.

Results and dividends

The profit for the year, after taxation, amounted to £764,802 (2015 - £228,644).

Directors

The directors who served during the year were:

Mr K T Ripper
Mr D M Hymas
Mr M W Knowles
Mr J Waterland (resigned 12 November 2015)
Mr A C Beck (appointed 21 May 2015, resigned 24 March 2016)
Mr R Hazlehurst (resigned 21 May 2015)

D Hills was appointed director on 21 April 2016.

Disclosure of information to auditors

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

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

Financial risk and management instruments

The company's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to currency or interest rate risks. Its policy is to finance working capital through retained earnings and through borrowings at prevailing market interest rates. Its policy is to finance some fixed assets through fixed rate borrowings for a term broadly expected to match the useful economic lives of the assets. The company's exposure to the price risk of financial instruments is therefore minimal.

As the main counterparty to its financial instruments are its bankers, it is also exposed to minimal credit and liquidity risks in respect of these instruments.

Hunwick Engineering Limited

Directors' Report For the Year Ended 31 March 2016

Financial risk and management instruments (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through internal credit control procedures.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

Market prices

The company, alongside its competitors, is exposed to fluctuation in certain purchased materials and manages this risk, so far as is possible, by having long term relationships with key suppliers that aim to bring a high degree of stability and certainty to material costs.

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit.

Post balance sheet events

There have been no significant events affecting the company since the period end.

Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, details of its financial instruments and its exposures to price, credit, liquidity and cash flow risk are described above and in the Strategic Report. The company has sufficient financial resources. As a consequence, the directors believe that the company is well placed to manage its business risks successfully and the directors have every expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Research and development activities

The company is actively engaged in product research and development in order to maintain its competitiveness.

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 21 December 2016 and signed on its behalf.



Mr D Hills
Director

Hunwick Engineering Limited

Directors' Responsibilities Statement For the Year Ended 31 March 2016

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Hunwick Engineering Limited

Independent Auditor's report to the members of Hunwick Engineering Limited

We have audited the financial statements of Hunwick Engineering Limited for the year ended 31 March 2016 which comprise the Balance Sheet, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity 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).

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 formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 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 other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Hunwick Engineering Limited

Independent Auditor's report to the members of Hunwick Engineering Limited

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.

BDO LLP

Keith Ferguson (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Ipswich
United Kingdom

21 December 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Hunwick Engineering Limited

Statement of Comprehensive Income For the Year Ended 31 March 2016

	Note	2016 £	2015 £
Turnover	3	30,070,491	23,410,464
Cost of sales		(26,895,030)	(20,830,177)
Gross profit		3,175,461	2,580,287
Administrative expenses		(2,209,954)	(2,429,444)
Other operating income	4	1,410	1,190
Operating profit	5	966,917	152,033
Interest receivable and similar income	8	29	-
Interest payable and similar charges	9	(31,920)	(70,269)
Profit before tax		935,026	81,764
Tax on profit on ordinary activities	10	(170,224)	146,880
Profit for the year		764,802	228,644
Other comprehensive income		-	-
Total comprehensive income for the year		764,802	228,644

All amounts relate to continuing operations.

There were no recognised gains and losses for 2016 or 2015 other than those included in the profit and loss account.

The notes on pages 11 to 28 form part of these financial statements.

Hunwick Engineering Limited
Registered number:04437451

Balance Sheet
As at 31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	11	410,706	1,248,043
Current assets			
Stocks	12	4,591,603	4,197,547
Debtors	13	2,589,771	1,406,389
Cash at bank and in hand	14	621,270	23,929
		<u>7,802,644</u>	<u>5,627,865</u>
Creditors: amounts falling due within one year	15	(5,156,135)	(5,202,128)
Net current assets		<u>2,646,509</u>	<u>425,737</u>
Total assets less current liabilities		<u>3,057,215</u>	<u>1,673,780</u>
Creditors: amounts falling due after more than one year	16	-	(816,045)
Provisions for liabilities			
Deferred tax	18	(29,859)	-
Other provisions	19	(1,427,765)	(22,946)
		<u>(1,457,624)</u>	<u>(22,946)</u>
Net assets		<u><u>1,599,591</u></u>	<u><u>834,789</u></u>
Capital and reserves			
Called up share capital	20	200,000	200,000
Profit and loss account	21	1,399,591	634,789
		<u><u>1,599,591</u></u>	<u><u>834,789</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 December 2016.



Mr D Hills
Director

The notes on pages 11 to 28 form part of these financial statements.

Hunwick Engineering Limited

Statement of Changes in Equity For the Year Ended 31 March 2016

	Share capital £	Retained earnings £	Total equity £
At 1 April 2015	200,000	634,789	834,789
Comprehensive income for the year			
Profit for the year	-	764,802	764,802
Total comprehensive income for the year	-	764,802	764,802
At 31 March 2016	200,000	1,399,591	1,599,591

Statement of Changes in Equity For the Year Ended 31 March 2015

	Share capital £	Retained earnings £	Total equity £
At 1 April 2014	200,000	406,145	606,145
Comprehensive income for the year			
Profit for the year	-	228,644	228,644
Total comprehensive income for the year	-	228,644	228,644
At 31 March 2015	200,000	634,789	834,789

The notes on pages 11 to 28 form part of these financial statements.

Hunwick Engineering Limited

Statement of Cash Flows For the Year Ended 31 March 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	764,802	228,644
Adjustments for:		
Depreciation of tangible assets	135,459	176,918
Loss on disposal of tangible assets	(117,516)	(1,846)
Increase in stocks	(394,054)	(605,000)
Interest paid	31,921	70,269
Interest received	(30)	-
Taxation expense	170,224	(146,880)
Increase in debtors	(1,330,503)	(410,244)
(Decrease) / Increase in creditors	(112,390)	956,652
Increase in provisions	1,404,819	22,946
Corporation tax received / (paid)	7,200	-
Net cash generated from operating activities	559,932	291,459
Cash flows from investing activities		
Purchase of tangible fixed assets	(137,558)	(133,836)
Sale of tangible fixed assets	956,953	83,215
Interest received	30	-
HP interest paid	(2,607)	(8,872)
Net cash from investing activities	816,818	(59,493)
Cash flows from financing activities		
Repayment of other loans	(700,000)	(400,000)
Repayment of/new finance leases	(50,095)	(93,621)
Interest paid	(29,314)	(61,397)
Net cash used in financing activities	(779,409)	(555,018)
Net increase / (decrease) in cash and cash equivalents	597,341	(323,052)
Cash and cash equivalents at beginning of year	23,929	346,981
Cash and cash equivalents at the end of year	621,270	23,929
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	621,270	23,929

The notes on pages 11 to 28 form part of these financial statements.

Hunwick Engineering Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

1. Accounting policies

1.1 General information

Hunwick Engineering Limited is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is shown on the Company Information page. The nature of the company's operations and its principal activities are outlined in the Directors' Report.

1.2 Basis of preparation of financial statements

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

Information on the impact of first-time adoption of FRS 102 is given in note 26.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.3 Revenue

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue from the sales of goods is recognised when the company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the company will receive the previously agreed upon payment. These criteria are usually considered to be met: For car transporters upon completion of manufacture of the car transporter; For repairs, upon completion of the works; For the sale of parts and spares, upon dispatch of goods to the buyer. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives.

Depreciation is provided on the following basis:

Freehold land and buildings	- 2% straight line
Computer & office equipment	- 33% straight line and 20% straight line
Plant and equipment	- 25% straight line and 20% reducing balance
Motor vehicles	- 25% reducing balance
Fixtures & fittings	- 25% straight line
Vans & trucks	- 25% reducing balance and 50% straight line

Assets in the course of construction are stated at cost. Depreciation is not charged until construction is complete and the asset is brought into use.

Hunwick Engineering Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

1. Accounting policies (continued)

1.5 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

1.6 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for absolute and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.7 Debtors

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

1.8 Cash and cash equivalents

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

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

Hunwick Engineering Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

1. Accounting policies (continued)

1.9 Financial instruments

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

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

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- i) at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- ii) at cost less impairment for all other investments.

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

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

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

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

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

Hunwick Engineering Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

1. Accounting policies (continued)

1.10 Creditors

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

1.11 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

1.12 Finance costs

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

Hunwick Engineering Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

1. Accounting policies (continued)

1.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.14 Research and development

Research and development expenditure is written off to the Statement of Comprehensive Income in the year in which it is incurred.

1.15 Pensions

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.

1.16 Warranty

Under the terms of a sale, the company is bound to meet costs of rectification work required during a specified period after sale. The element of the warranty relating to purchased parts is underwritten by the supplier and therefore the company is only responsible for the cost of the labour in respect of those parts. The company has provided for expected costs to be incurred relating to potential warranty claims.

Hunwick Engineering Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether debtors are recoverable. Consideration is made of any objective evidence of impairment of any financial assets that are measured at cost or amortised cost, including observable data that come to the attention of the company or other factors which may also be evidence of impairment, including significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in respect of that financial asset.
- Determine whether the warranty provision recognised in respect of after sales warranties issued to customers represents an accurate estimation of the potential liability. Factors taken into consideration include anticipated claim volumes under the warranty scheme and past experience in respect of the nature and value of these claims.

Other key sources of estimation uncertainty

- Tangible fixed assets - Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3. Turnover

The whole of the turnover is attributable to its principal activity of car transporters, metal structures and parts.

All turnover arose within the United Kingdom.

4. Other operating income

	2016 £	2015 £
Net rents receivable	1,410	1,190

Hunwick Engineering Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

5. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the company	135,458	176,918
Auditors' remuneration	15,000	15,000
Operating lease rentals:		
- Plant and machinery	83,024	61,467
- other operating leases	209,862	187,497
	<u>442,344</u>	<u>440,882</u>

6. Employees

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

	2016 £	2015 £
Wages and salaries	4,003,356	3,712,240
Social security costs	367,515	346,881
Other pension costs	40,291	37,109
	<u>4,411,162</u>	<u>4,096,230</u>

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

	2016 No.	2015 No.
Production	120	112
Management and administration	22	22
	<u>142</u>	<u>134</u>

Hunwick Engineering Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

7. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	315,335	156,552
Company contributions to defined contribution pension schemes	1,360	1,158
	<u>316,695</u>	<u>157,710</u>

During the year retirement benefits were accruing to 5 directors (2015 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £86,377 (2015 - £38,943).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £366 (2015 - £336).

8. Interest receivable

	2016 £	2015 £
Other interest receivable	<u>29</u>	<u>-</u>

9. Interest payable and similar charges

	2016 £	2015 £
On bank loans and overdrafts	4,155	10,407
On other loans	25,158	50,990
On finance leases and hire purchase contracts	2,607	8,872
	<u>31,920</u>	<u>70,269</u>

Hunwick Engineering Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

10. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	447	238
Adjustments in respect of previous periods	(7,200)	-
Total current tax	(6,753)	238
Deferred tax		
Origination and reversal of timing differences	9,602	(5,591)
Short term timing differences	321	(753)
Deferred tax asset in respect of losses	167,054	(140,774)
Total deferred tax	176,977	(147,118)
Taxation on profit/(loss) on ordinary activities	170,224	(146,880)

Factors affecting tax charge for the year

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

	2016 £	2015 £
Profit on ordinary activities before tax	935,026	81,764
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	187,005	16,353
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	10,340	8,679
Fixed asset differences	(20,593)	(10,560)
Other adjustments	(950)	790
Adjustment to tax charge in respect of prior period	(7,200)	-
Adjustment to tax charge in respect of prior period - deferred tax	4,941	-
Adjust closing deferred tax rate	(3,319)	-
Utilisation of tax losses	-	(21,368)
Recognition of deferred tax asset	-	(140,774)
Total tax charge for the year	170,224	(146,880)

Hunwick Engineering Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

10. Taxation (continued)

Factors that may affect future tax charges

The company has estimated tax losses of £NIL (2015 - £680,259) available to carry forward against future trading profits.

Hunwick Engineering Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

11. Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Property improvements £	Computer and office equipment £	Total £
Cost or valuation						
At 1 April 2015	794,140	819,025	183,833	42,444	131,479	1,970,921
Additions	-	114,898	11,000	-	11,660	137,558
Disposals	(794,140)	(7,767)	(93,000)	(31,350)	-	(926,257)
Transfers between classes	-	14,676	-	(11,094)	(3,582)	-
At 31 March 2016	-	940,832	101,833	-	139,557	1,182,222
Depreciation						
At 1 April 2015	25,572	516,581	94,380	-	86,345	722,878
Charge owned for the period	1,095	79,866	30,459	-	24,038	135,458
Disposals	(26,667)	(7,047)	(53,106)	-	-	(86,820)
Transfers between classes	-	2,732	-	-	(2,732)	-
At 31 March 2016	-	592,132	71,733	-	107,651	771,516
Net book value						
At 31 March 2016	-	348,700	30,100	-	31,906	410,706
At 31 March 2015	768,568	302,444	89,453	42,444	45,134	1,248,043

Hunwick Engineering Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

11. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, including above, are £13,350 (2015: £54,066 motor vehicles).

Freehold land and buildings includes land at a cost of £Nil (2015 - £688,750) which is not depreciated.

12. Stocks

	2016 £	2015 £
Work in progress	1,655,643	735,345
Raw materials, finished goods and goods for resale	2,935,960	3,462,202
	<u>4,591,603</u>	<u>4,197,547</u>

13. Debtors

	2016 £	2015 £
Trade debtors	1,547,795	1,150,703
Other debtors	1,000,649	28,388
Prepayments and accrued income	41,327	80,179
Deferred taxation	-	147,118
	<u>2,589,771</u>	<u>1,406,388</u>

14. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	<u>621,270</u>	<u>23,929</u>

Hunwick Engineering Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

15. Creditors: Amounts falling due within one year

	2016 £	2015 £
Other loans	100,000	-
Trade creditors	3,364,589	3,999,345
Corporation tax	685	238
Other taxation and social security	827,656	307,571
Net obligations under finance lease and hire purchase contracts	5,618	39,668
Other creditors	1,530	44,283
Accruals and deferred income	856,057	811,023
	<u>5,156,135</u>	<u>5,202,128</u>

The hire purchase liabilities are secured over certain fixed assets of the company.

16. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Other loans	-	800,000
Net obligations under finance leases and hire purchase contracts	-	16,045
	<u>-</u>	<u>816,045</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2016 £	2015 £
Between one and five years	-	16,045

The hire purchase liabilities are secured over certain fixed assets of the company.

Hunwick Engineering Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

17. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>3,169,714</u>	<u>1,203,020</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(3,970,122)</u>	<u>(5,107,929)</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, other loans and accruals.

18. Deferred taxation

	Deferred tax £
At 1 April 2015	147,118
Charged to the profit or loss	(176,977)
At 31 March 2016	<u><u>(29,859)</u></u>

The deferred taxation asset/ loss is made up as follows:

	2016 £	2015 £
Fixed asset timing differences	(30,290)	5,591
Tax losses carried forward	-	140,774
Short term timing differences	431	753
	<u><u>(29,859)</u></u>	<u><u>147,118</u></u>

Hunwick Engineering Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

19. Provisions

	Warranty provisions £
At 1 April 2015	22,946
Charged to the profit or loss	1,404,819
At 31 March 2016	1,427,765

The company has provided for expected costs to be incurred relating to potential warranty claims.

20. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
100,000 "A" Ordinary shares of £1 each	100,000	100,000
100,000 "B" Ordinary shares of £1 each	100,000	100,000
	200,000	200,000

21. Reserves

The company's capital and reserves are as follows:

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

Share capital

Called up share capital represents the nominal value of the shares issued.

22. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounts to £40,291 (2015 - £37,109).

Contributions totaling £1,509 (2015 - £1,685) were payable to the fund at the balance sheet date and are included in creditors.

Hunwick Engineering Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

23. Operating lease commitments

At 31 March 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Other leases - Within 1 year	2,005	-
Other leases - Between 2 and 5 years	198,531	54,158
Other leases - After more than 5 years	-	-
Total - Other leases	200,536	54,158
	2016 £	2015 £
Land & buildings - Not later than 1 year	-	8,862
Land & buildings - Later than 1 year and not later than 5 years	812,000	-
Land & buildings - Later than 5 years	-	980,000
Total - Land & buildings	812,000	988,862

24. Related party transactions

Park Hall (Gosfield) Limited is a shareholder of the company, and is a company in which the director, K T Ripper, is a shareholder and director. Park Hall (Gosfield) Limited is the parent company of Transporter Sales & Hire Limited. Park Hall (Gosfield) Limited also has a shareholding interest in CTS (Corby) Limited. The following transactions have taken place with these three companies:

Sales and recharge of expenses - £1,495,675 (2015 - £1,055,244)

Management charge payable - £58,525 (2015 - £84,258)

Purchase and recharge of expenses - £71,971 (2015 - £82,898)

At the year end £14,742 (2015 - £435,611) was payable to these companies. £81,955 (2015 £381,488) was receivable from these companies.

Included in other creditors are loans as follows: K T Ripper of £Nil (2015 - £550,000 due greater than one year) and Park Hall (Gosfield) Limited amounting to £100,000 (2015 - £250,000 due greater than one year). Interest charged as an expense on these loans amounted to £14,705 (2015 - £30,267) and £10,453 (2015 - £22,292) respectively.

Rent amounting to £201,000 (2015 - £168,000) was paid to K Ripper Farms, a sole trader business where K T Ripper is the proprietor. Rent amounting to £8,862 (2015 - £19,497) was paid to the Transporter Engineering Limited Self Administered Pension Scheme during the year, of which K T Ripper is a beneficiary. At the year end £13,693 was owed to K Ripper Farms, and £58 was due from K Ripper Farms.

25. Controlling party

The company is controlled by K T Ripper, director and shareholder.

Hunwick Engineering Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

26. First time adoption of FRS 102

Note	As previously stated 1 April 2014 £	Effect of transition 1 April 2014 £	FRS 102 (as restated) 1 April 2014 £	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	FRS 102 (as restated) 31 March 2015 £
Fixed assets	1,372,494	-	1,372,494	1,248,043	-	1,248,043
Current assets	4,788,555	-	4,788,555	5,627,864	-	5,627,864
Creditors: amounts falling due within one year	(4,276,336)	-	(4,276,336)	(5,202,128)	-	(5,202,128)
Net current assets	512,219	-	512,219	425,736	-	425,736
Total assets less current liabilities	1,884,713	-	1,884,713	1,673,779	-	1,673,779
Creditors: amounts falling due after more than one year	(1,278,568)	-	(1,278,568)	(816,045)	-	(816,045)
Provisions for liabilities	-	-	-	(22,946)	-	(22,946)
Net assets	606,145	-	606,145	834,788	-	834,788
Capital and reserves	606,145	-	606,145	834,788	-	834,788

Hunwick Engineering Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

26. First time adoption of FRS 102 (continued)

	Note	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	FRS 102 (as restated) 31 March 2015 £
Turnover		23,410,464	-	23,410,464
Cost of sales		(20,830,177)	-	(20,830,177)
Gross profit		2,580,287	-	2,580,287
Administrative expenses		(2,429,444)	-	(2,429,444)
Other operating income		1,190	-	1,190
Operating profit		152,033	-	152,033
Interest payable and similar charges		(70,269)	-	(70,269)
Taxation		146,880	-	146,880
Profit on ordinary activities after taxation and for the financial year		228,644	-	228,644

Explanation of changes to previously reported profit and equity:

- 1 There were no changes to the reported results or position for the current or prior year following transition to FRS 102.