

Transporter Engineering Limited

Directors' Report and Financial Statements

Year Ended

31 March 2021

Company Number 04437451

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Transporter Engineering Limited

Company Information

| | |
|----------------------------|---|
| Directors | K T Ripper D Hills B T Poulter |
| Registered number | 04437451 |
| Registered office | Unit 4 - 7 The Old Airfield Gosfield Halstead Essex CO9 1SA |
| Trading Address | Transporter House, Gosfield Business Park The Old Airfield Gosfield Halstead Essex CO9 1SA |
| Independent auditor | BDO LLP 16 The Havens Ransomes Europark Ipswich Suffolk IP3 9SJ |

Transporter Engineering Limited

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Transporter Engineering Limited

Strategic Report For the Year ended 31 March 2021

The directors present the strategic report together with the audited financial statements for the year ended 31 March 2021.

Review of business and future developments

The results of the company show a loss on ordinary activities before tax of £730,286 (2020 - profit of £85,863). The shareholders' funds total £3,101,737 (2020 - £3,744,700).

The financial year has been like no other trading period in the history of the company with the effects of the global pandemic and the related issues this brought to the economy.

The business was put into hibernation for a period of four months at which point it was gradually reopened to meet the needs of the customers despite the volume levels being much lower than pre pandemic. Volumes are still to recover fully, but by March 2021 levels had increased to around 56% of previous demand.

Clearly during this time fixed overheads had to be maintained generating losses for the trading period, and there were also funds spent on preparing the business to reopen and put in safeguarding for the employees.

Turnover for the year was £11,840,868 (2020 - £20,669,972). Despite a challenging year with an overall reduction in revenue of 43% which has flowed through to the gross profit reducing it to 3.6%.

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 expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

The business is at risk from rising material costs as well as normal commercial risks to the industry and the economy. These risks include the degree of impact of COVID 19 on the market which it services and as much as possible, the directors have considered the impact of the unprecedented position of COVID 19 and potential effects of Brexit on the business, both of which represent significant risks and uncertainties to the business, and sensitivity analysis has been performed based of anticipated trading positions as part of their going concern assessment, as explained within note 2.3 to the financial statements

Commodity prices are currently at highly inflated values from the fallout of COVID-19 affecting the build cost of the products, but this is anticipated to level out during 2022.

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

Transporter Engineering Limited

Strategic Report (continued) For the Year ended 31 March 2021

Future developments

Additional improvements to the site are constantly considered and implemented where appropriate to facilitate shareholder return, and to further enhance the business activities.

The business continues to further develop its relationship with companies outside the group based at the site to improve the flow of components and processes required.

In relation to COVID 19, the business continues to have measures in place to protect employees as much as possible, including working from home where practical. The group is reliant on the various skill sets of its employees required in certain areas of the car transporter manufacturing process so the Group ensures temperature checks and test kits are in place.

Regarding the reliability of inward supplies to the manufacturing business for the manufacturing processes, with the spread of suppliers available to the business and stocks held, the business is able to trade for a period of around three months without requiring major components, which allows the business adequate time to source alternative suppliers.

The vehicle market has also been very depressed due to shortages in the automotive microchips required for each build, and also the effects from the pandemic on car plant workforce requirements to achieve the output. These factors did however have a large impact on the second hand car market meaning that some vehicle movements were required and therefore created some demand.

With a large proportion of workers working from home, the need for new cars was also very much reduced, so as the economy begins to open up again the demand for new cars is anticipated to increase.

There has also been a shift in the buying behaviour for consumers which means some of our customers have ventured into differing options to move those vehicles which we are able to provide, given previous time and money spent on development.

The business continues to look at expansion into alternative car transportation models given Government expectations, and invest in R&D for the current models to provide the continuous improvements that our customers require.

The business has also looked to invest heavily in its team of employees to ensure that staff retention is at the forefront of our business model, and this will help achieve continued efficiencies, but with the country still feeling the effects of the pandemic, this has been more difficult to achieve.

This report was approved by the board on *16th December 2021* and signed on its behalf.



D Hills
Director

Transporter Engineering Limited

Directors' Report For the Year ended 31 March 2021

The directors present their report together with the audited financial statements for the year ended 31 March 2021.

Principal activity

The principal activity of the company continued to be that of the 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.

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.

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 the 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.

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 directors have assessed the going concern position of the company, as explained within note 2.3 to the financial statements, including considering the impact of both COVID-19 (coronavirus) and Brexit on the business. As explained within note 2.3, the directors consider that 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.

Transporter Engineering Limited

Directors' Report (continued) For the Year ended 31 March 2021

Research and development activities

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

Results and dividends

The loss for the year, after taxation, amounted to £642,963 (2020 - profit of £58,716).

The directors paid a dividend of £Nil (2020 - £Nil) for the year.

Directors

The directors who served during the year were:

K T Ripper
D Hills
B T Poulter
D M Hymas (resigned 26 May 2020)
M W Knowles (resigned 30 October 2020)

Disclosure of information to auditor

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

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

Auditor

The auditor, 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 *16th December 2021* and signed on its behalf.



D Hills
Director

Transporter Engineering Limited

Directors' Responsibilities Statement For the Year ended 31 March 2021

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 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 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 then apply them consistently;
- make judgements 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.

Transporter Engineering Limited

Independent Auditor's Report to the Members of Transporter Engineering Limited

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 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Transporter Engineering Limited ("the Company") for the year ended 31 March 2021 which comprise the statement of comprehensive income, the statement of financial position, statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for qualified opinion

We were not able to observe the counting of stock at the end of the prior year due to government imposed restrictions and control measures arising as a result of the COVID 19 pandemic. We were unable to satisfy ourselves by alternative means concerning stock quantities of £4,065,253 included in the statement of financial position at the end of that year, by using other audit procedures. Consequently we were unable to determine whether any adjustment to these amounts or related amounts at 31 March 2020 were necessary or whether there was any consequential effect on the cost of sales for the year ended 31 March 2021.

In addition, were there any adjustment required to these prior year stocks balances, the Strategic Report and Directors' Report would also need to be amended.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Transporter Engineering Limited

Independent Auditor's Report to the Members of Transporter Engineering Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning stock quantities held at 31 March 2020 which are included in the statement of financial position at £4,065,253 and whether there was any consequential effect on the cost of sales for the year ended 31 March 2021. We have concluded that where the other information refers to these balances or related balances such as gross profit margin it may be materially misstated for the same reason.

Other Companies Act 2006 reporting

Except for the possible effects of the matter described in the basis for qualified opinion section of our report 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 have been prepared in accordance with applicable legal requirements.

Except for the possible effects of the matter described in the basis for qualified opinion section, 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 material misstatements in the Strategic report and the Directors' report:

Arising solely from the limitation of scope of our work relating stock as at 31 March 2021 referred to above we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

We have nothing to report in respect of the following matters in relation to which 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.

Transporter Engineering Limited

Independent Auditor's Report to the Members of Transporter Engineering Limited (continued)

Responsibilities of directors

As explained more fully in the Directors' responsibility statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiring of those charged with governance and management, including obtaining and reviewing supporting documentation, concerning the Company's internal policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Obtaining an understanding, as gathered from accumulated knowledge of client and the industry, of the legal and regulatory (including reporting framework) environment that the company and group operates in, focusing on those laws and regulations that could reasonably be expected to have a direct effect on the financial statements or a fundamental effect on the operations of the Company.
- Where available and provided, reviewing all correspondence with regulatory authorities such as HMRC.
- Undertaking analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business. Including reviewing all manual journals made to revenue above triviality.
- Additionally, we reviewed the revenue recognition policy for consistency with prior year and ensured adopted policy was in line with UK GAAP requirements, we tested the application of this policy throughout our substantive audit procedures over revenue.

Transporter Engineering Limited

Independent Auditor's Report to the Members of Transporter Engineering Limited (continued)

Extent to which the audit was capable of detecting irregularities, including fraud (continued)


Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

DocuSigned by:


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Keith Ferguson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Ipswich
United Kingdom

Date: 16 December 2021

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

Transporter Engineering Limited

Statement of Comprehensive Income For the Year ended 31 March 2021

| | Note | 2021 £ | 2020 £ |
|--|------|------------------|------------------|
| Revenue | 4 | 11,840,868 | 20,669,972 |
| Cost of sales | | (11,409,124) | (18,454,312) |
| Gross profit | | 431,744 | 2,215,660 |
| Administrative expenses | | (1,845,055) | (2,146,653) |
| Other operating income | 5 | 683,975 | 18,993 |
| Operating (loss)/profit | 6 | (729,336) | 88,000 |
| Interest receivable and similar income | | 332 | 434 |
| Interest payable and similar expenses | | (1,282) | (2,571) |
| (Loss)/profit before tax | | (730,286) | 85,863 |
| Tax on (loss)/profit | 9 | 87,323 | (27,147) |
| (Loss)/profit and total comprehensive income for the financial year | | (642,963) | 58,716 |

There was no other comprehensive income for 2021 (2020 - £Nil).

The notes on pages 13 to 28 form part of these financial statements.

Transporter Engineering Limited

Registered number:04437451

Statement of Financial Position As at 31 March 2021

| | Note | 2021 £ | 2021 £ | 2020 £ | 2020 £ |
|---|------|------------------|-------------------------|------------------|-------------------------|
| Fixed assets | | | | | |
| Tangible assets | 10 | | 218,077 | | 298,084 |
| Current assets | | | | | |
| Stocks | 11 | 2,770,822 | | 4,065,253 | |
| Debtors: amounts falling due within one year | 12 | 2,119,271 | | 2,652,630 | |
| Cash at bank and in hand | 13 | 791,304 | | 441 | |
| | | <u>5,681,397</u> | | <u>6,718,324</u> | |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 14 | (2,255,145) | | (2,969,481) | |
| Net current assets | | | <u>3,426,252</u> | | <u>3,748,843</u> |
| Total assets less current liabilities | | | <u>3,644,329</u> | | <u>4,046,927</u> |
| Creditors: amounts falling due after more than one year | 15 | | (14,725) | | (24,335) |
| Provisions for liabilities | | | | | |
| Deferred tax | 16 | (4,967) | | (9,892) | |
| Other provisions | 17 | (522,900) | | (268,000) | |
| | | | <u>(527,867)</u> | | <u>(277,892)</u> |
| Net assets | | | <u><u>3,101,737</u></u> | | <u><u>3,744,700</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 18 | 200,000 | | 200,000 | |
| Profit and loss account | 19 | 2,901,737 | | 3,544,700 | |
| | | | <u><u>3,101,737</u></u> | | <u><u>3,744,700</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 December 2021.



D Hills
Director

The notes on pages 13 to 28 form part of these financial statements.

Transporter Engineering Limited

Statement of Changes in Equity For the Year ended 31 March 2021

| | Called up share capital £ | Profit and loss account £ | Total equity £ |
|--|------------------------------------|------------------------------------|-------------------|
| At 1 April 2020 | 200,000 | 3,544,700 | 3,744,700 |
| Comprehensive income for the year | | | |
| Loss for the year | - | (642,963) | (642,963) |
| Total comprehensive income for the year | - | (642,963) | (642,963) |
| At 31 March 2021 | 200,000 | 2,901,737 | 3,101,737 |

Statement of Changes in Equity For the Year ended 31 March 2020

| | Called up share capital £ | Profit and loss account £ | Total equity £ |
|--|------------------------------------|------------------------------------|-------------------|
| At 1 April 2019 | 200,000 | 3,485,984 | 3,685,984 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 58,716 | 58,716 |
| Total comprehensive income for the year | - | 58,716 | 58,716 |
| At 31 March 2020 | 200,000 | 3,544,700 | 3,744,700 |

The notes on pages 13 to 28 form part of these financial statements.

Transporter Engineering Limited

Notes to the Financial Statements For the Year ended 31 March 2021

1. General information

Transporter Engineering Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of the parent company, Park Hall (Gosfield) Ltd as at 31 March 2021 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Transporter Engineering Limited

Notes to the Financial Statements For the Year ended 31 March 2021

2. Accounting policies (continued)

2.3 Going concern

The directors have prepared trading and cash flow forecasts and reviewed the company's trading and working capital requirements, and considered its financial resources. When preparing these forecasts, the impact of both COVID-19 (coronavirus) and Brexit on the business was considered.

The company is party to an unlimited cross-guarantees for the bank debts of the parent company, Park Hall (Gosfield) Ltd, and also for the bank debts (overdrafts) of fellow subsidiary companies, as explained within note 23.

Given the unlimited cross guarantee in place in relation to the parent company and other sister subsidiary borrowings, the directors have also reviewed trading and cash flow forecasts of the group it is part of. The directors have reviewed the projected covenant positions on the company's and groups borrowings, which indicate that covenants in place will be met.

Following this review, 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.

2.4 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 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.

2.5 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation on 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:

| | |
|---------------------------------|---|
| Computer and office equipment - | 33% straight line and 20% straight line |
| Plant and equipment - | 20% reducing balance |
| Motor vehicles - | 25% straight line |

2.6 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.

2.7 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.

Transporter Engineering Limited

Notes to the Financial Statements For the Year ended 31 March 2021

2. Accounting policies (continued)

2.8 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.

2.9 Financial instruments

The company only enters into basic financial instrument 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 and loans to related parties.

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the 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 flow discounted at the asset's original 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 statement of financial position date.

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

2.10 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.

2.11 Government grants

Grants are accounted under the accruals model as permitted by FRS 102.

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

Transporter Engineering Limited

Notes to the Financial Statements For the Year ended 31 March 2021

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

2.13 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 charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position 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 reporting date.

2.14 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.

2.15 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.

Transporter Engineering Limited

Notes to the Financial Statements For the Year ended 31 March 2021

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

Preparation of financial statements requires management to exercise judgement in applying the company's accounting policies. Estimates and assumptions used in the preparation of the financial statements are continually reviewed as necessary.

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 lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and reward of ownership have been transferred from the lessor to the lessee on a lease basis.
- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include 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 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 (see note 10)

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 a 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 project disposal values.

Transporter Engineering Limited

Notes to the Financial Statements For the Year ended 31 March 2021

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

- Stock valuation and provision (see note 11)

The company applies standard costing in its valuation of finished goods and work in progress. There is a degree of estimation involved in assessing the inputs and calculations to arrive at the standard costs for each product that makes up the year end stock value. These include estimates such as direct labour time and rates, average price of materials relevant to the respective item in stock at the year end, wastage at each stage of production and the proportion of relevant overheads to be absorbed.

The company records a provision for stock with reference to the items obsolescence, as well as based on the last time the stock item was used in production.

- Provisions (see note 17)

Provisions are estimated based on historic experience and trends, the actual claims made under the warranty scheme depend on a number of factors. In determining the warranty provision previous claim proportions and values of claims are compared against current products and the likelihood of a claim being made, considering the stage at which the sale is within the warranty period.

4. Turnover

All of the company's turnover is attributable to its principal activity of the manufacture and sale of car transporters, metal structures and parts.

100% (2020 - 100%) of all turnover arose within the United Kingdom.

5. Other operating income

| | 2021 £ | 2020 £ |
|---|-----------|-----------|
| Government grants receivable - furlough | 683,975 | 18,993 |

Transporter Engineering Limited

Notes to the Financial Statements For the Year ended 31 March 2021

6. Operating (loss)/profit

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

| | 2021 £ | 2020 £ |
|--|-----------|-----------|
| Depreciation of tangible fixed assets - owned by the company | 65,631 | 92,183 |
| Depreciation of tangible fixed assets - leased by the company | 12,813 | 11,768 |
| Fees payable to the company's auditor for: - the audit of the company's annual financial statements | 17,500 | 15,900 |
| Plant and machinery operating lease rentals | 62,758 | 81,117 |
| Other operating lease rentals | 287,796 | 287,796 |

Fees paid to the company's auditor for services other than the statutory audit of the company are not disclosed in the company accounts since the consolidated accounts of the parent company, Park Hall (Gosfield) Ltd are required to disclose non-audit fees on a consolidated basis.

7. Employees

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

| | 2021 £ | 2020 £ |
|-------------------------------------|------------------|------------------|
| Wages and salaries | 2,027,475 | 2,524,816 |
| Social security costs | 176,280 | 231,570 |
| Cost of defined contribution scheme | 42,201 | 56,400 |
| | <u>2,245,956</u> | <u>2,812,786</u> |

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

| | 2021 No. | 2020 No. |
|-------------------------------|-------------|-------------|
| Production | 58 | 70 |
| Management and administration | 19 | 25 |
| | <u>77</u> | <u>95</u> |

Transporter Engineering Limited

Notes to the Financial Statements For the Year ended 31 March 2021

8. Directors' remuneration

| | 2021 £ | 2020 £ |
|---|----------------|----------------|
| Directors' emoluments | 142,425 | 208,336 |
| Company contributions to defined contribution pension schemes | 2,003 | 3,947 |
| | <u>144,428</u> | <u>212,283</u> |

During the year retirement benefits were accruing to 3 directors (2020 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £69,778 (2020 - £74,135).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted £1,313 (2020 - £1,316).

During the year £37,500 (2020 - £Nil) was paid to directors of the company in respect of loss of office compensation.

9. Taxation

| | 2021 £ | 2020 £ |
|---|-----------------|----------------|
| Corporation tax | | |
| Current tax on (losses)/profits for the year | - | 52,072 |
| Adjustments in respect of previous periods | (82,398) | (19,486) |
| Total current tax | <u>(82,398)</u> | <u>32,586</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (4,925) | (7,243) |
| Effect of tax rate change | - | 1,804 |
| Total deferred tax | <u>(4,925)</u> | <u>(5,439)</u> |
| Taxation on (loss)/profit on ordinary activities | <u>(87,323)</u> | <u>27,147</u> |

Transporter Engineering Limited

Notes to the Financial Statements For the Year ended 31 March 2021

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

| | 2021 £ | 2020 £ |
|---|------------------------|----------------------|
| (Loss)/profit on ordinary activities before tax | <u>(730,286)</u> | <u>85,863</u> |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%) | <u>(138,754)</u> | <u>16,314</u> |
| Effects of: | | |
| Fixed asset differences | 3,516 | 4,259 |
| Expenses not deductible for tax purposes | 1,354 | 5,159 |
| Adjustment to tax charge in respect of prior period | (82,398) | (19,486) |
| Losses carried back | 63,302 | - |
| Other differences leading to a decrease in the tax charge | 20 | 1,806 |
| Group relief surrendered | 65,637 | - |
| Other timing differences | - | 19,095 |
| Total tax (credit)/charge for the year | <u>(87,323)</u> | <u>27,147</u> |

Transporter Engineering Limited

Notes to the Financial Statements For the Year ended 31 March 2021

10. Tangible fixed assets

| | Plant and equipment £ | Motor vehicles £ | Computer and office equipment £ | Total £ |
|--|-----------------------------|------------------------|--|------------|
| Cost or valuation | | | | |
| At 1 April 2020 | 469,536 | 172,000 | 264,752 | 906,288 |
| Additions | 15,030 | 6,000 | 897 | 21,927 |
| Disposals | (400) | (38,500) | (60,423) | (99,323) |
| At 31 March 2021 | 484,166 | 139,500 | 205,226 | 828,892 |
| Depreciation | | | | |
| At 1 April 2020 | 314,084 | 62,135 | 231,985 | 608,204 |
| Charge for the year on owned assets | 34,012 | 17,281 | 14,338 | 65,631 |
| Charge for the year on financed assets | - | 12,813 | - | 12,813 |
| Disposals | (400) | (15,010) | (60,423) | (75,833) |
| At 31 March 2021 | 347,696 | 77,219 | 185,900 | 610,815 |
| Net book value | | | | |
| At 31 March 2021 | 136,470 | 62,281 | 19,326 | 218,077 |
| At 31 March 2020 | 155,452 | 109,865 | 32,767 | 298,084 |

The net book value of assets held under finance leases or hire purchase contracts, included above, are £19,109 (2020 - £14,854).

11. Stocks

| | 2021 £ | 2020 £ |
|--|------------------|------------------|
| Work in progress | 318,031 | 1,044,862 |
| Raw materials, finished goods and goods for resale | 2,452,791 | 3,020,391 |
| | <u>2,770,822</u> | <u>4,065,253</u> |

The impairment loss reversal recognised in the statement of comprehensive income for the year in respect of provision for inventory was £63,052 (2020 - impairment loss of £56,802).

Transporter Engineering Limited

Notes to the Financial Statements For the Year ended 31 March 2021

12. Debtors

| | 2021 £ | 2020 £ |
|--|------------------|------------------|
| Trade debtors | 1,918,608 | 2,472,423 |
| Amounts owed by group undertakings | 23,907 | 6,071 |
| Amounts owed by joint ventures and associated undertakings of the group the company is part of | 60,286 | 71,874 |
| Other debtors | 360 | 928 |
| Tax recoverable | 82,475 | - |
| Prepayments and accrued income | 33,635 | 101,334 |
| | <u>2,119,271</u> | <u>2,652,630</u> |

13. Cash and cash equivalents

| | 2021 £ | 2020 £ |
|--------------------------|----------------|-----------------|
| Cash at bank and in hand | 791,304 | 441 |
| Less: bank overdrafts | - | (93,009) |
| | <u>791,304</u> | <u>(92,568)</u> |

Transporter Engineering Limited

Notes to the Financial Statements For the Year ended 31 March 2021

14. Creditors: Amounts falling due within one year

| | 2021 £ | 2020 £ |
|--|------------------|------------------|
| Bank overdrafts | - | 93,009 |
| Trade creditors | 1,686,115 | 2,025,359 |
| Amounts owed to group undertakings | 75,482 | 61,987 |
| Amounts owed to joint ventures and associated undertakings of the group the company is part of | 200,367 | 320,176 |
| Tax payable | - | 25,850 |
| Other taxation and social security | 124,343 | 165,670 |
| Obligations under finance lease and hire purchase contracts | 11,678 | 10,372 |
| Other creditors | - | 9,000 |
| Accruals and deferred income | 157,160 | 258,058 |
| | <u>2,255,145</u> | <u>2,969,481</u> |

The bank overdraft is secured by a debenture given by the company (including a fixed and floating charge), by a limited guarantee of £150,000 given by a sister subsidiary, Transporter Sales & Hire Limited and by an unlimited guarantee given by the parent company, Park Hall (Gosfield) Ltd, and its subsidiaries Park Hall Property Holdings Ltd, Ripper Farms Ltd and Transporter Sales & Hire Limited.

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

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

| | 2021 £ | 2020 £ |
|--|---------------|---------------|
| Net obligations under finance leases and hire purchase contracts | <u>14,725</u> | <u>24,335</u> |

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

| | 2021 £ | 2020 £ |
|-------------------|---------------|---------------|
| Within one year | 12,555 | 12,430 |
| Between 1-2 years | 10,983 | 12,430 |
| Between 2-5 years | 4,179 | 11,906 |
| | <u>27,717</u> | <u>36,766</u> |

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

Transporter Engineering Limited

Notes to the Financial Statements For the Year ended 31 March 2021

16. Deferred taxation

| | 2021 £ |
|---------------------------|--------------|
| At beginning of year | 9,892 |
| Charged to profit or loss | (4,925) |
| At end of year | 4,967 |

The deferred taxation liability is made up as follows:

| | 2021 £ | 2020 £ |
|--------------------------------|--------------|--------------|
| Fixed asset timing differences | 5,398 | 10,212 |
| Short term timing differences | (431) | (320) |
| | 4,967 | 9,892 |

17. Provisions

| | Warranty provisions £ |
|---------------------------|-----------------------------|
| At 1 April 2020 | 268,000 |
| Charged to profit or loss | 575,695 |
| Utilised in year | (320,795) |
| At 31 March 2021 | 522,900 |

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

Transporter Engineering Limited

Notes to the Financial Statements For the Year ended 31 March 2021

18. Share capital

| | 2021 £ | 2020 £ |
|---|----------------|----------------|
| Allotted, called up and fully paid | | |
| 100,000 "A" ordinary shares of £1.00 each | 100,000 | 100,000 |
| 100,000 "B" ordinary shares of £1.00 each | 100,000 | 100,000 |
| | <u>200,000</u> | <u>200,000</u> |

The A and B ordinary shares have full rights in the company with respect to voting, dividends and capital distribution.

19. Reserves

The company's capital and reserves are as follows:

Called up share capital

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

Profit and loss account

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

20. Contingent liabilities

The company is part of a cross-guarantee for the bank debts (overdrafts) of fellow subsidiary companies. The borrowings of the fellow subsidiary companies under this guarantee at 31 March 2021 was £455,408 (2020 - £819,160). This bank overdraft is secured, including by an unlimited guarantee given by Transporter Engineering Limited.

21. Pension commitments

The company operates a defined contribution 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 £42,201 (2020 - £56,400).

Contributions totalling £Nil (2020 - £Nil) were payable to the fund at the statement of financial position date and are included in creditors.

Transporter Engineering Limited

Notes to the Financial Statements For the Year ended 31 March 2021

22. Commitments under operating leases

At 31 March 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2021 £ | 2020 £ |
|--|----------------|----------------|
| Not later than 1 year | 46,478 | 7,429 |
| Later than 1 year and not later than 5 years | 73,945 | 154,366 |
| | <u>120,423</u> | <u>161,795</u> |

Operating lease rentals for land and buildings are payable to fellow group companies, but at the year end there was no formal lease commitment in place in respect of these and accordingly no commitment to disclose.

23. Other financial commitments

The company is part of a cross-guarantee for the bank debts of the parent company, Park Hall (Gosfield) Ltd. The amount owed by the parent company under these facilities at 31 March 2021 was £Nil (2020 - £2,205,458). The parent company bank loan was secured by a debenture given by the parent company over the assets of the parent company and group (including a fixed and floating charge), an unlimited guarantee given by its subsidiary companies including Transporter Sales & Hire Limited, and a charge over the group property owned by its subsidiaries, at Unit 4 - 7 The Old Airfield, Gosfield, Halstead, Essex, CO9 1SA.

The company is part of a cross-guarantee for the bank debts (overdrafts) of fellow subsidiary companies. The borrowings of the fellow subsidiary companies under this guarantee at 31 March 2021 was £455,408 (2020 - £799,675). This bank overdraft is secured, including by an unlimited guarantee given by Transporter Sales & Hire Limited, and also by a limited guarantee of £150,000 given by Transporter Sales & Hire Limited.

24. Related party transactions

Sales and purchases were made to and from a company which is an associate of the group the company is part of, totalling £151,879 (2020 - £175,988) and £2,889 (2020 - £4,520) respectively. At the statement of financial position date a debtor balance owing from this company amounted to £39,470 (2020 - £37,426) and a creditor balance owed to this company amounting to £533 (2020 - £173).

Sales and purchases were made to and from a company which is a joint venture of the group the company is part of, totalling £106,439 (2020 - £426,324) and £535,842 (2020 - £1,109,440) respectively. At the statement of financial position date a debtor balance owing from this company amounted to £20,816 (2020 - £39,990) and a creditor balance owed to this company amounting to £199,834 (2020 - £320,003).

During the year, sales of £1,442 (2020 - £10) and purchases of £Nil (2020 - £Nil) were made to a sole trader business where a director is the proprietor. At the statement of financial position date a debtor balance due from this company amounted to £537 (2020 - creditor £503).

Transporter Engineering Limited

Notes to the Financial Statements For the Year ended 31 March 2021

25. Controlling party

The immediate and ultimate parent company is Park Hall (Gosfield) Ltd, which is controlled by K T Ripper, a director. Park Hall (Gosfield) Ltd is incorporated in England and Wales, and its registered office is Unit 4-7 The Old Airfield, Gosfield, Halstead, CO9 1SA.

The smallest and largest group into which the results of the company for the 31 March 2021 year end are consolidated, is the group headed by Park Hall (Gosfield) Ltd. Copies of the consolidated accounts are available from Companies House, Crown Way, Cardiff, CF14 3UZ.