
JVM CASTINGS (TAMWORTH) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018



JVM CASTINGS (TAMWORTH) LIMITED

COMPANY INFORMATION

Directors	R Murcott P W Murcott K D Murcott K Parker S Ruffle C J McCarthy
Registered number	02677869
Registered office	Borman Apollo Tamworth Staffordshire B79 7TA
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor The Colmore Building 20 Colmore Circus Birmingham West Midlands B4 6AT
Bankers	Lloyds Bank Plc 114 - 116 Colmore Row Birmingham B3 3BD
Solicitors	Wragge & Co LLP 55 Colmore Row Birmingham B3 2AS

JVM CASTINGS (TAMWORTH) LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 6
Independent auditor's report	7 - 9
Statement of comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Notes to the financial statements	13 - 29

JVM CASTINGS (TAMWORTH) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

Introduction

JVM Castings (Tamworth) Limited is a subsidiary of JVM Castings Limited, a holding company that provides management expertise and strategic direction for the Group.

The JVM Castings Limited group consists of JVM Castings (Worcester) Limited and JVM Castings (Tamworth) Limited.

The principal activity of the company in the year under review was the manufacture, machining, assembly and supply of aluminium pressure diecastings.

The Tamworth site also performs Research and Development on casting technology, which is vital for the long term profitability of the Group.

Business review and future developments

The JVM Castings Group consists of three individual legal entities

- JVM Castings Limited – Head Office
- JVM Castings (Worcester) Limited
- JVM Castings (Tamworth) Limited

The Tamworth site has been a production facility for almost 50 years, and sadly on 31 March 2019, production operations will cease, and the Group's production operations will consolidate into the larger Worcester premises. The main driver for the closure of the Tamworth site was that the major program for that site comes to a natural conclusion during 2019.

Faced with that knowledge and the fact that insufficient work has been won to replace this program, the Directors and the wider group, in conjunction with our major customer, set about deciding the future of the site in early 2018.

Unfortunately, having discussed various options and after having taken professional advice, the Directors have taken the decision, with the full knowledge and support of our major customer, to close the facility. The Directors consider that the most appropriate way to do this is in a controlled and solvent manner during the Spring of 2019. Once the plan had been agreed by the Directors, it was shared with our other major customers, bankers, suppliers and employees in July 2018. Although regrettable news, the plan received the support and understanding from all stakeholders.

This continued support from the wider Group and our major stakeholders will enable the directors to continue to operate the business professionally and ethically, and prepare for a solvent liquidation of the company itself in the latter stages of 2019.

During the operational wind-down period, the remaining work left at the Tamworth facility will be transferred to our Worcester site (JVM Castings (Worcester) Limited). Although the Directors have been successful in securing roles for a number of employees at the Worcester site, the majority of employee roles at Tamworth will have been made redundant as part of this process. All head office and R&D operations currently at Tamworth will also be transferred to the Worcester site by the end of March 2019.

As at the date of this report, we can inform all the stakeholders that the plan for the solvent wind down of the Tamworth facility is on track and we see no reason for it not to be fulfilled. On this basis, the Directors have prepared these financial statements on a break-up basis, rather than on a historical cost basis. This has not resulted in any significant adjustments to the financial statements.

The Board wishes to take this opportunity to thank everyone for their continued help, support, and professionalism.

JVM CASTINGS (TAMWORTH) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Principal risks and uncertainties

The directors are of the opinion that the company has adopted a thorough risk management process that involves the formal review of all the risks identified below. The board monitors and reviews risk on a regular basis, in order to mitigate each risk area.

The principal financial risks facing the business are:

- volatility in the price of key raw materials;
- maintaining production efficiency; and
- reliance on certain key customers within the automotive industry.

The directors also consider the following risks

Economic downturn

The success of the company is reliant on consumer and industrial spending. An economic downturn, resulting in reduction of consumer spending power may have a direct impact on the income achieved by the company. In response to this risk, senior management continually monitors economic conditions and customer forecasts.

People

The success of the company is dependent upon the recruitment and retention of our employees.

We have excellent working relationship with our highly competent workforce, resulting in a very pleasing average length of service.

The directors are of the opinion that the company has adopted a thorough risk management process that involves the formal review of all the risks identified below. The board monitors and reviews risk on a regular basis, in order to mitigate each risk area.

Financial risk management

It is the company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the company's financial instruments are interest rate, credit, liquidity, economic downturn and people. The board reviews and agrees policies for managing each risk.

Interest rate risk

The company's exposure to market risk for changes in interest rates relates primarily to its invoice discounting facility where interest is paid at a margin above base rate.

Credit risk

The company only trades with recognised, credit worthy third parties; credit is a privilege not a right. It is a company policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debt is not significant.

Liquidity Risk

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash in bank generated through trading and the invoice discounting facility.

JVM CASTINGS (TAMWORTH) LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

Financial key performance indicators

The key performance indicators for the company are turnover, pre-tax profit and EBITDA.

Performance for the year ended 31 March 2018 is summarised below:

- turnover of £11.3m (2017 : £10.6m);
- pre-tax loss of £997k (2017 : loss of £920k); and
- EBITDA loss of £261k (2017 : profit of £215k).

This report was approved by the board on *20TH DECEMBER 2018* and signed on its behalf.

P W Murcott
Director



JVM CASTINGS (TAMWORTH) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

Results and dividends

The loss for the year, after taxation, amounted to £889,900 (2017 - loss £782,500).

The directors do not recommend the payment of a dividend (2017: £Nil).

Directors

The directors who served during the year and subsequently were:

R Murcott
P W Murcott
K D Murcott
K Parker
S Ruffle
C J McCarthy

Matters covered in the strategic report

The business review, principal risks and uncertainties, financial key performance indicators and going concern are included in the strategic report.

Qualifying third party indemnity provisions

The company has provided third party indemnity provisions in respect of the directors who were in place during the year and at the date of this report.

Post balance sheet events

The Tamworth site has been a production facility for almost 50 years, and sadly on 31 March 2019, production operations will cease, and the Group's production operations will consolidate into the larger Worcester premises.

JVM CASTINGS (TAMWORTH) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Going concern

The Tamworth site has been a production facility for almost 50 years, and sadly on 31 March 2019, production operations will cease, and the Group's production operations will consolidate into the larger Worcester premises. The main driver for the closure of the Tamworth site was that the major program for that site comes to a natural conclusion during 2019.

Faced with that knowledge and the fact that insufficient work has been won to replace this program, the Directors and the wider group, in conjunction with our major customer, set about deciding the future of the site in early 2018.

Unfortunately, having discussed various options and after having taken professional advice, the Directors have taken the decision, with the full knowledge and support of our major customer, to close the facility. The Directors consider that the most appropriate way to do this is in a controlled and solvent manner during the Spring of 2019. Once the plan had been agreed by the Directors, it was shared with our other major customers, bankers, suppliers and employees in July 2018. Although regrettable news, the plan received the support and understanding from all stakeholders.

This continued support from the wider Group and our major stakeholders will enable the directors to continue to operate the business professionally and ethically, and prepare for a solvent liquidation of the company itself in the latter stages of 2019.

During the operational wind-down period, the remaining work left at the Tamworth facility will be transferred to our Worcester site (JVM Castings (Worcester) Limited). Although the Directors have been successful in securing roles for a number of employees at the Worcester site, the majority of employee roles at Tamworth will have been made redundant as part of this process. All head office and R&D operations currently at Tamworth will also be transferred to the Worcester site by the end of March 2019.

As at the date of this report, we can inform all the stakeholders that the plan for the solvent wind down of the Tamworth facility is on track and we see no reason for it not to be fulfilled. On this basis, the Directors have prepared these financial statements on a break-up basis, rather than on a historical cost basis. This has not resulted in any significant adjustments to the financial statements

JVM CASTINGS (TAMWORTH) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Directors' responsibilities statement

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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and 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;
- 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.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on *20 DECEMBER 2018* and signed on its behalf.



P W Murcott
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JVM CASTINGS (TAMWORTH) LIMITED

Opinion

We have audited the financial statements of JVM Castings (Tamworth) Limited (the 'company') for the year ended 31 March 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 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.

Basis for opinion

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 are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – basis of preparation of the financial statements

We draw your attention to note 2.1 Basis of preparation in the financial statements which describes the basis of preparation of the financial statements. As described in that note, the directors have taken the decision to undertake an orderly wind-down of the operations of the company, which is expected to be completed by March 2019. Therefore, the directors have adopted the break up basis in preparing the financial statements. Our opinion is not modified in respect of this matter.

Who we are reporting to

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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JVM CASTINGS (TAMWORTH) LIMITED
(CONTINUED)**

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report by the Companies Act 2006

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 or the Directors' report.

Matters on which we are required to report by exception

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; or
- we have not received all the information and explanations we require for our audit.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JVM CASTINGS (TAMWORTH) LIMITED
(CONTINUED)**

Responsibilities of directors for the financial statements

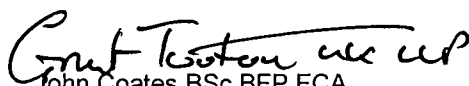
As explained more fully in the Directors' responsibilities statement on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.


John Coates BSc BFP FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
Date: 20 December 2018

JVM CASTINGS (TAMWORTH) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £	2017 £
Turnover	4	11,273,172	10,637,014
Decrease in stock		(22,287)	(97,786)
Raw materials and consumables		(5,037,310)	(5,060,763)
Other external charges		(2,893,749)	(2,306,472)
Staff costs		(3,580,365)	(3,387,074)
Depreciation		(698,549)	(662,928)
Operating loss		(959,088)	(878,009)
Interest payable and similar charges	9	(37,445)	(41,868)
Loss before tax		(996,533)	(919,877)
Tax on loss	10	106,633	137,377
Loss for the financial year		(889,900)	(782,500)
 Total comprehensive income for the year		 (889,900)	 (782,500)

There was no other comprehensive income for 2018 (2017:£Nil).

The notes on pages 13 to 29 form part of these financial statements.

JVM CASTINGS (TAMWORTH) LIMITED
REGISTERED NUMBER:02677869

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	11	1,714,626	1,594,886
		<u>1,714,626</u>	<u>1,594,886</u>
Current assets			
Stocks	12	746,355	768,642
Debtors: amounts falling due within one year	13	2,736,293	2,722,319
Cash at bank and in hand	14	38,524	2,046
		<u>3,521,172</u>	<u>3,493,007</u>
Creditors: amounts falling due within one year	15	(5,192,110)	(4,000,075)
Net current liabilities		<u>(1,670,938)</u>	<u>(507,068)</u>
Total assets less current liabilities		<u>43,688</u>	<u>1,087,818</u>
Creditors: amounts falling due after more than one year	16	(209,231)	(418,461)
Provisions for liabilities			
Provisions	19	(55,000)	-
		<u>(55,000)</u>	<u>-</u>
Net (liabilities)/assets		<u><u>(220,543)</u></u>	<u><u>669,357</u></u>
Capital and reserves			
Called up share capital	21	2	2
Profit and loss account	22	(220,545)	669,355
Shareholders (deficit) / funds		<u><u>(220,543)</u></u>	<u><u>669,357</u></u>

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


P W Murcott
 Director

The notes on pages 13 to 29 form part of these financial statements.

JVM CASTINGS (TAMWORTH) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2017	2	669,355	669,357
Comprehensive expense for the year			
Loss for the year	-	(889,900)	(889,900)
Total comprehensive expense for the year	-	(889,900)	(889,900)
At 31 March 2018	2	(220,545)	(220,543)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2016	2	1,451,855	1,451,857
Comprehensive expense for the year			
Loss for the year	-	(782,500)	(782,500)
Total comprehensive expense for the year	-	(782,500)	(782,500)
At 31 March 2017	2	669,355	669,357

The notes on pages 13 to 29 form part of these financial statements.

JVM CASTINGS (TAMWORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. General information

JVM Castings (Tamworth) Limited is a limited company registered in England and Wales. The registered office address is Borman, Apollo, Tamworth, Staffordshire, B79 7TA. The principal activity of JVM Castings (Tamworth) Limited in the year under review was the manufacture, machining, assembly and supply of aluminium pressure diecastings.

2. Accounting policies

2.1 Basis of preparation of financial statements

As discussed in the directors' report and in 2.3 Going concern below, subsequent to the year-end, the directors have taken the decision to undertake an orderly wind-down of the operations of the company. This process is expected to be completed by March 2019.

Accordingly, the financial statements have been prepared on a break-up basis 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 accounting policies (see note 3).

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 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of JVM Castings Limited as at 31 March 2018 and these financial statements may be obtained from Borman, Apollo, Tamworth, Staffordshire, B79 7TA.

JVM CASTINGS (TAMWORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.3 Going concern

The Tamworth site has been a production facility for almost 50 years, and sadly on 31 March 2019, production operations will cease, and the Group's production operations will consolidate into the larger Worcester premises. The main driver for the closure of the Tamworth site was that the major program for that site comes to a natural conclusion during 2019.

Faced with that knowledge and the fact that insufficient work has been won to replace this program, the Directors and the wider group, in conjunction with our major customer, set about deciding the future of the site in early 2018.

Unfortunately, having discussed various options and after having taken professional advice, the Directors have taken the decision, with the full knowledge and support of our major customer, to close the facility. The Directors consider that the most appropriate way to do this is in a controlled and solvent manner during the Spring of 2019. Once the plan had been agreed by the Directors, it was shared with our other major customers, bankers, suppliers and employees in July 2018. Although regrettable news, the plan received the support and understanding from all stakeholders.

This continued support from the wider Group and our major stakeholders will enable the directors to continue to operate the business professionally and ethically, and prepare for a solvent liquidation of the company itself in the latter stages of 2019.

During the operational wind-down period, the remaining work left at the Tamworth facility will be transferred to our Worcester site (JVM Castings (Worcester) Limited). Although the Directors have been successful in securing roles for a number of employees at the Worcester site, the majority of employee roles at Tamworth will have been made redundant as part of this process. All head office and R&D operations currently at Tamworth will also be transferred to the Worcester site by the end of March 2019.

As at the date of this report, we can inform all the stakeholders that the plan for the solvent wind down of the Tamworth facility is on track and we see no reason for it not to be fulfilled. On this basis, the Directors have prepared these financial statements on a break-up basis, rather than on a historical cost basis. This has not resulted in any significant adjustments to the financial statements.

JVM CASTINGS (TAMWORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

For products supplied to customers, turnover is recognised on despatch of the product. For equipment developed for customers, turnover is recognised based on the stage of completion of that equipment.

Revenue is only recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Amounts recoverable on contracts

The company incurs expenditure on the development of equipment for customers. Where such costs are to be recharged to the ultimate customer and there is a reasonable expectation of recovery, the costs plus forecast margin are included within amounts recoverable on contracts. Amounts invoiced are deducted from the carrying value of amounts recoverable on contracts with any residual balance, where amounts invoiced exceed the debtor recognised to date, being classified as payments on account and included in creditors. Provision is made for excess costs that cannot be recovered from the ultimate customer as such costs are identified.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following basis:

Leasehold improvements	- Over the term of the lease
Plant & machinery	- 5-20 years
Fixtures & fittings	- 3-10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

JVM CASTINGS (TAMWORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.7 Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future installments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future installments.

2.8 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads based on a normal level of activity. No element of profit is included in the valuation of work in progress or finished goods.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 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.

2.11 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 and loans to related parties.

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

JVM CASTINGS (TAMWORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.11 Financial instruments (continued)

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 reporting 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 or to realise the asset and settle the liability simultaneously.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

JVM CASTINGS (TAMWORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.16 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.18 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. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

JVM CASTINGS (TAMWORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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

Preparation of financial statements requires management to make significant judgements and estimates. The areas where these judgements and estimates have been made include;

Dilapidations provisions

The company makes an estimate of any dilapidations based on the lease requirements and likelihood of a requirement arising. When calculating the required provision management consider the remaining life of the lease along with the condition of the property. Given the property is leased from a related party, the dilapidations estimate is subject to change based on negotiations between both parties. Management have included a provision based on their best estimate of costs expected to be incurred.

Impairment of tangible fixed assets

At each reporting date fixed assets are reviewed to determine whether there is any indicator that those assets have suffered an impairment loss. The key assumptions relate to the valuations performance by professional valuers.

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material misstatement to the carrying amounts of assets and liabilities within the financial year.

4. Turnover

The whole of the turnover is attributable to the company's principal activity.

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	10,463,996	10,209,344
Rest of the world	809,176	427,670
	<u>11,273,172</u>	<u>10,637,014</u>

5. Operating loss

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

	2018 £	2017 £
Depreciation of tangible fixed assets	698,549	662,928
Fees payable to the Company's auditor for the:		
- Audit of the company's annual financial statements	14,860	13,950
- Other accounting services	500	500
Operating lease rentals - plant and machinery	39,993	48,983
Operating lease rentals - land and buildings	210,000	210,000
Foreign exchange loss/(gain)	26,317	(2,568)

JVM CASTINGS (TAMWORTH) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

6. Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>14,860</u>	<u>13,950</u>
Fees payable to the company's auditor and its associates in respect of:		
Other accounting services	<u>500</u>	<u>500</u>

7. Employees

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

	2018 £	As restated 2017 £
Wages and salaries	3,133,248	2,943,128
Social security costs	299,804	282,971
Cost of defined contribution scheme	152,104	160,975
	<u>3,585,156</u>	<u>3,387,074</u>

Prior year wages and salaries have been restated to reclassify temporary staff expenses of £184,813 as operating costs not employee costs.

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

	2018 No.	2017 No.
Production	99	97
Administrative	8	9
Management	10	11
	<u>117</u>	<u>117</u>

JVM CASTINGS (TAMWORTH) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	82,125	78,353
Company contributions to defined contribution pension schemes	4,791	4,419
	<u>86,916</u>	<u>82,772</u>

During the year retirement benefits were accruing to 1 director (2017 - 1) in respect of defined contribution pension schemes.

Additional remuneration is paid to the directors through JVM Castings Limited.

The directors are considered the key management personnel of the business.

9. Interest payable and similar charges

	2018 £	2017 £
Bank interest payable	16,698	2,527
Other loan interest payable	17,555	15,722
Finance leases and hire purchase contracts	3,192	23,619
	<u>37,445</u>	<u>41,868</u>

10. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	(106,633)	-
Group taxation relief	-	(137,377)
Total current tax	<u>(106,633)</u>	<u>(137,377)</u>
Total deferred tax	-	-
Taxation on loss on ordinary activities	<u>(106,633)</u>	<u>(137,377)</u>

JVM CASTINGS (TAMWORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

10. Taxation (continued)

Factors affecting tax credit for the year

The tax credit assessed for the year is lower than (2017: *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	(996,533)	(919,876)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	(189,341)	(183,975)
Effects of:		
Expenses not deductible for tax purposes	3,470	18,890
Movement in unprovided deferred tax asset	79,238	27,708
Total tax credit for the year	(106,633)	(137,377)

Factors that may affect future tax charges

The main rate of corporation tax will reduce to 17% from 1 April 2020.

An unprovided deferred tax asset of £217,644 (2017: £177,144) has not been recognised in the current year relating to carried forward trading losses of £505,470 (2017: £505,470), fixed asset timing differences of £601,024 (2017: £410,707) and short term timing differences of £39,000 (2017: £16,000), as recoverability is uncertain.

JVM CASTINGS (TAMWORTH) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

11. Tangible fixed assets

	Long term Leasehold property £	Plant & machinery £	Fixtures & fittings £	Total £
Cost				
At 1 April 2017	836,316	10,994,804	191,484	12,022,604
Additions	19,831	794,775	3,683	818,289
At 31 March 2018	856,147	11,789,579	195,167	12,840,893
Depreciation				
At 1 April 2017	836,316	9,429,840	161,562	10,427,718
Charge for the year	-	686,581	11,968	698,549
At 31 March 2018	836,316	10,116,421	173,530	11,126,267
Net book value				
At 31 March 2018	19,831	1,673,158	21,637	1,714,626
At 31 March 2017	-	1,564,964	29,922	1,594,886

Included within the net book value of £1,714,626 (2017: £1,594,886) is £Nil (2017: £131,572) relating to assets held under finance lease. The depreciation charged in the year in respect of such assets totalled £Nil (2017: £41,172).

Tangible fixed assets with a value of £1,714,626 (2017: £1,594,886) are pledged as security for the group loans.

JVM CASTINGS (TAMWORTH) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

12. Stocks

	2018 £	2017 £
Raw materials and consumables	170,683	133,469
Work in progress	397,743	339,101
Finished goods and goods for resale	177,929	296,072
	<u>746,355</u>	<u>768,642</u>

Stock recognised in cost of sales during the year as an expense was £5,037,310 (2017: £5,060,763).

An impairment provision of £68,138 (2017: £80,188) is recognised against stock due to slow-moving and obsolete stock and to ensure stock is valued at the lower of cost and net realisable value.

13. Debtors

	2018 £	2017 £
Trade debtors	2,066,372	1,922,421
Amounts recoverable on long term contracts	261,777	460,944
Amounts owed by group companies	176,953	157,786
Other debtors	2,052	10,426
Prepayments and accrued income	122,506	33,365
Group relief receivable	106,633	137,377
	<u>2,736,293</u>	<u>2,722,319</u>

Amounts owed by group companies are non-interest bearing, unsecured and repayable on demand.

14. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>38,524</u>	<u>2,046</u>

JVM CASTINGS (TAMWORTH) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

15. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank loans	209,231	209,231
Invoice discounting facility	1,198,165	1,093,435
Trade creditors	1,169,439	1,178,983
Amounts owed to group undertakings	1,566,395	785,993
Taxation and social security	268,258	293,905
Net obligations under finance leases	-	12,201
Other creditors	114,212	74,117
Accruals and deferred income	666,410	352,210
	<u>5,192,110</u>	<u>4,000,075</u>

The invoice discounting facility is secured by a fixed charge against the trade debtors to which it relates, and by a floating charge over all other assets of the company.

Amounts owed by group undertakings are non-interest bearing, unsecured and repayable on demand.

Finance leases are secured against the assets to which they relate.

Bank loans are secured over the assets acquired. The bank loan is repayable in equal monthly instalments. Interest is charged at 2.5% above base rate. The bank loan is scheduled to be fully repaid by March 2020.

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

	2018 £	2017 £
Bank loans (note 15)	<u>209,231</u>	<u>418,461</u>

JVM CASTINGS (TAMWORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

17. Loans

Analysis of the maturity of loans is given below:

	2018 £	2017 £
Bank loans due within 1 year	209,231	209,231
Bank loans due between 1 and 2 years	209,231	209,231
Bank loans due between 2 and 5 years	-	209,230
Total	418,462	627,692

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	-	12,201

19. Provisions

	Dilapidations £
At 1 April 2017	-
Charged to profit or loss	55,000
At 31 March 2018	55,000

A provision has been recognised for dilapidations in relation to the Tamworth premises. It is expected that this provision will be utilised within one year of the balance sheet date.

JVM CASTINGS (TAMWORTH) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

20. Financial instruments

	2018 £	2017 £
Financial assets		
Cash and cash equivalents	38,524	2,046
Financial assets measured at amortised cost	2,507,154	2,090,634
	<u>2,545,678</u>	<u>2,092,680</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(4,912,153)</u>	<u>(4,124,632)</u>

Cash and cash equivalents comprise cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Financial assets measured at amortised cost comprise amounts owed by group companies, other debtors, trade debtors and amounts recoverable on contracts.

Financial liabilities comprise amounts owed under the invoice discounting facility, bank loans, net obligations under finance leases, amounts owed to group, trade creditors, other creditors and accruals.

21. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

22. Reserves

Profit & loss account

The profit and loss account contains current and prior period retained earnings net of dividends paid.

23. 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 amounted to £152,104 (2017: £160,975). Amounts totalling £39,000 (2017: £16,000) were payable to the fund at the year end.

JVM CASTINGS (TAMWORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

24. Commitments under operating leases

At 31 March 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	247,160	12,135
Later than 1 year and not later than 5 years	81,443	13,412
	<u>328,603</u>	<u>25,547</u>

25. Related party transactions

Grosvenor Murcott Limited is considered a related party by virtue of the fact that the directors of Grosvenor Murcott Limited are the fathers of some of the directors of JVM Castings (Tamworth) Limited.

Transactions in the current period are rent for the use of the property owned by Grosvenor Murcott Limited of £210,000 (2017: £210,000).

Included within other debtors at the year end are amounts due from Grosvenor Murcott Limited of £Nil (2017: £9,476). Included within other creditors at the year end are the amounts due to Grosvenor Murcott Limited of £11,524 (2017: £Nil).

The company has taken advantage of the exemption conferred by Financial Reporting Standard 102 section 33 "Related Party Transactions" not to disclose transactions with other wholly owned group undertakings.

The following companies are related parties due to having common shareholders. The purchases from and amounts owed to the companies at the year end are:

	Purchases 2018 £	Amounts owed 2018 £	Purchases 2017 £	Amounts owed 2017 £
Murcotts Limited	89,994	-	77,836	49,987
Saleway Limited	88,466	-	73,313	44,777
Lyndsey Jayne Limited	89,000	-	75,422	47,703
Corinium JVM Limited	93,057	-	76,384	50,263
	<u>360,467</u>	<u>-</u>	<u>297,555</u>	<u>192,730</u>

JVM CASTINGS (TAMWORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

26. Immediate and ultimate controlling party

The company is a wholly owned subsidiary undertaking of JVM Castings Limited which is registered in England. The directors have confirmed that there is no overall controlling party for JVM Castings Limited. JVM Castings Limited is therefore considered to be the ultimate controlling party.

JVM Castings Limited is the largest and smallest group of undertakings for which group accounts are drawn up. Copies of group accounts can be obtained from Borman, Apollo, Tamworth, Staffordshire, B79 7TA.

27. Post balance sheet events

The Tamworth site has been a production facility for almost 50 years, and sadly on 31 March 2019, production operations will cease, and the Group's production operations will consolidate into the larger Worcester premises. The directors have estimated that associated redundancy costs to be incurred up to this date will be £0.5 million.

28. Contingent liabilities

The company and JVM group have facilities with Lloyds Bank Plc. There is a fixed and floating charge over the assets of the company in relation to the banking arrangements. There were no other contingent liabilities at 31 March 2018 or 31 March 2017.