REGISTERED NUMBER: 04279501 (England and Wales)

Strategic Report,

Report of the Directors and

Financial Statements

for the Year Ended 31 December 2017

for

Bifrangi UK Limited

Contents of the Financial Statements for the Year Ended 31 December 2017

Bifrangi UK Limited

Company Information
for the Year Ended 31 December 2017

DIRECTORS:	R Biasion Ms P Biasion F Biasion Miss F Biasion
REGISTERED OFFICE:	Shardlow Works Grange Mill Lane Sheffield S9 1HW
REGISTERED NUMBER:	04279501 (England and Wales)
SENIOR STATUTORY AUDITOR:	James Sewell BA (Hons) FCA CTA
AUDITORS:	Wright Vigar Limited Statutory Auditors Chartered Accountants & Business Advisers 15 Newland Lincoln Lincolnshire LN1 1XG

Strategic Report for the Year Ended 31 December 2017

The directors present their strategic report and the financial statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

During the year 2017, the principal activities of the company remained the forging and machining of crankshafts for the agricultural, power generation and automotive markets, and flight and rack bars for the mining industry. Additionally, the forging of wheels, mainly sold for heavy industrial and agricultural machines, is becoming a significant market sector and a standard product for Bifrangi UK. In 2017 wheel and bull gear production reached 6.8% of the Company's turnover, number that will increase significantly in the future. The past year saw the introduction of the manufacturing of arms for the automotive industry, the production of which is forecasted to reach 5% of Bifrangi UK's sales in the medium-term.

REVIEW OF BUSINESS

Bifrangi UK Ltd has forging and testing facilities in Lincoln and machining facilities in Sheffield. The Company's results for the year ended 31 December 2017 show a post-tax profit of £195k (loss of £5,009k in 2016) on sales of £25,960k (£20,431k in 2016).

Bifrangi continues its strong investment plan for the Lincoln site. The focus in 2017 was on the auxiliary equipment for the 32kT press, installed in 2016, to increase production efficiency and efficacy. This machinery has attracted the interest of new and existing customers. In particular it has allowed Bifrangi UK to enter the market for suspension control arms, wheels and bull gears and much larger crankshafts than previously forged. In 2018 the Company will be investing in additional furnaces and manipulators to increase the output of this press, which in 2017, its first year of production, already accounted for 10% of the total turnover of Bifrangi UK.

In order to ensure sufficient capacity to process the additional production from the 32kT press, Bifrangi UK has been focusing on increasing and improving the facilities in the post forging operations. A new shotblast machine has been ordered in 2017 for installation in 2018. A new despatch and shotblast department will be built to ensure sufficient storage space and more efficient movement of products. These plans follow the successful relocation of the finishing operations which was completed in 2017 and allowed an improvement in machinery layout and the addition of a robot to the facing and centering line. Finally, Bifrangi UK has purchased a new milling machine to double machining capacity on parts destined to the mining industry and this will be installed in 2018.

To constantly improve quality and efficiency, the Company uses a range of measures to monitor performance. Management accounts are reviewed monthly and key performance indicators such as receipt of orders, production, cost of sales and cash flow are reviewed weekly.

In 2017 sales have increased by 27% compared to 2016 and cash flow figures have improved. Indications are that the customer demand will increase further in 2018. The first quarter of 2018 is showing a 57% increase in sales compared to the same quarter in 2017. The order book is growing and so is the number of quotation requests from new and existing customers. As a consequence of this Bifrangi UK will continue to focus on capacity increase for the future years. In 2017 the Company was successful at hiring 50 additional people across both sites. The Company will be looking at strengthening its current workforce through internal and external training in the course of 2018.

The Board of Directors and shareholders are confident that the investments are strategic and will allow the realisation of the long-term objectives of the Company.

PRINCIPAL RISKS AND UNCERTAINTIES

In the past the main risk for the Company was not being able to be as flexible as required by the markets it operates in. Modernising the 16Kt press and the introduction of the 32Kt press has allowed faster response to the variations in demand. Additionally, to prevent situations such as the past inefficiencies and challenges, the Company is currently focusing on real-time communication with its customers and on entering new markets to diversify its product portfolio and suffer less due to market related fluctuations.

In 2017, excessive growth in the global demand for steel temporarily affected supply from Bifrangi UK to its customers. New commercial agreements with existing customers and suppliers allowed Bifrangi UK to build higher stock levels and manage the situation to safeguard supply.

RESEARCH AND DEVELOPMENT

In 2017, the Research and Development centre constructed in 2016 has proved to be an important support in guaranteeing the quality of the products Bifrangi supplies. The testing facility allowed for independence from external laboratories and assists both the Lincoln and Sheffield sites.

Being part of the AFRC, an R&D partnership that links the major players of the forging industry and the University of Strathclyde, offers Bifrangi UK an access to knowledge on metals different from steel. This knowledge in the future will allow the Company to enter several new markets, including aerospace.

FINANCIAL INSTRUMENTS
The Company trades with both customers and suppliers in Sterling, Euros and US Dollars. For normal trading there is a natural offset in these currencies and as such the Company does not ordinarily place forward currency contracts, however the Directors continue to monitor the needs of the Company on an ongoing basis.

EMPLOYEE INVOLVEMENT AND DISABLED EMPLOYEES
Consultation with employees is done via the union representatives. Meetings are on an ad hoc basis or by need. Information is passed via trade union representatives at site meetings or by local management to small groups of employees.

The company does not discriminate against individuals on grounds of disability when vacancies occur.

Employees who are infirm through ill health or injury are accommodated in various forms such as;
- risk assessment of tasks and suitable adjustments to enable the tasks to be undertaken
- work times adjusted to cater for physical difficulties
- job retraining into a services task rather than front line direct work

Counselling and support is given by our active and knowledgeable Health & Safety Department. Extended periods of absences are followed by lead-in programs and careful monitoring to ensure employees regain working fitness in an efficient and effective manner.

ON BEHALF OF THE BOARD:

F Biasion - Director

15 May 2018

Report of the Directors
for the Year Ended 31 December 2017

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2017.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

R Biasion
Ms P Biasion
F Biasion
Miss F Biasion

DISCLOSURE IN THE STRATEGIC REPORT
The following items, required under Section 1 of Schedule 7 to the Large and Medium-sized Companies and Group (Accounts and Reports Regulations) 2008, are set out in the strategic report in accordance with Section 414(C)11 of the Companies Act 2006:

- Financial instruments
- Future developments and research and development
- Employees and disabled employees

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

F Biasion - Director

15 May 2018

Report of the Independent Auditors to the Members of Bifrangi UK Limited

Opinion
We have audited the financial statements of Bifrangi UK Limited (the 'company') for the year ended 31 December 2017 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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).

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 a Report of the Auditors 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.

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' 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 UK, including the FRC'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.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

Opinion 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
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 Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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.

Our 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 a Report of the Auditors 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 Report of the Auditors.

James Sewell BA (Hons) FCA CTA (Senior Statutory Auditor)
for and on behalf of Wright Vigar Limited
Statutory Auditors
Chartered Accountants & Business Advisers
15 Newland
Lincoln
Lincolnshire
LN1 1XG

15 May 2018

Income Statement
for the Year Ended 31 December 2017

	Notes	2017 £	2017 £	2016 £	2016 £
TURNOVER	3		25,960,266		20,431,428
Cost of sales			23,101,537		19,658,912
GROSS PROFIT			2,858,729		772,516
Distribution costs		159,769		213,883	
Administrative expenses		1,976,245		1,665,630	
			2,136,014		1,879,513
			722,715		(1,106,997)
Other operating income	4		(247,817)		(3,693,487)
OPERATING PROFIT/(LOSS)	6		474,898		(4,800,484)
Exceptional administrative expenses	8		5,125		269,696
			469,773		(5,070,180)
Interest payable and similar expenses	9		274,472		238,836
PROFIT/(LOSS) BEFORE TAXATION			195,301		(5,309,016)
Tax on profit/(loss)	10		-		(210,137)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR			195,301		(5,098,879)

The notes form part of these financial statements

Other Comprehensive Income
for the Year Ended 31 December 2017

	Notes	2017 £	2016 £
PROFIT/(LOSS) FOR THE YEAR		195,301	(5,098,879)
OTHER COMPREHENSIVE INCOME			
Capital contribution disposal		-	(963,517)
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		-	(963,517)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		195,301	(6,062,396)

Balance Sheet
31 December 2017

	Notes	2017 £	2017 £	2016 £	2016 £
FIXED ASSETS					
Intangible assets	11		-		-
Tangible assets	12		41,501,992		43,381,764
			41,501,992		43,381,764
CURRENT ASSETS					
Stocks	13	6,252,248		5,000,154	
Debtors	14	4,910,256		3,850,479	
Cash at bank		840,008		3,165,561	
		12,002,512		12,016,194	
CREDITORS					
Amounts falling due within one year	15	12,466,151		12,540,164	
NET CURRENT LIABILITIES			(463,639)		(523,970)
TOTAL ASSETS LESS CURRENT LIABILITIES			41,038,353		42,857,794
CREDITORS					
Amounts falling due after more than one year	16		27,717,991		29,732,733
NET ASSETS			13,320,362		13,125,061
CAPITAL AND RESERVES					
Called up share capital	19		4,000,000		4,000,000
Retained earnings	20		9,320,362		9,125,061
SHAREHOLDERS' FUNDS			13,320,362		13,125,061

The financial statements were approved by the Board of Directors on 15 May 2018 and were signed on its behalf by:

F Biasion - Director

The notes form part of these financial statements

Statement of Changes in Equity
for the Year Ended 31 December 2017

	Called up share capital £	Retained earnings £	Capital contribution £	Total equity £
Balance at 1 January 2016	4,000,000	14,223,940	963,517	19,187,457
Changes in equity				
Total comprehensive income	-	(5,098,879)	(963,517)	(6,062,396)
Balance at 31 December 2016	4,000,000	9,125,061	-	13,125,061
Changes in equity				
Total comprehensive income	-	195,301	-	195,301
Balance at 31 December 2017	4,000,000	9,320,362	-	13,320,362

The notes form part of these financial statements

Cash Flow Statement
for the Year Ended 31 December 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	(827,660)	7,034,640
Interest paid		(274,472)	(238,836)
Net cash from operating activities		(1,102,132)	6,795,804
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,223,421)	(4,825,779)
Interest received		890,639	3,934,652
Net cash from investing activities		(332,782)	(891,127)
Cash flows from financing activities			
Capital contribution disposal		-	(963,517)
Net cash from financing activities		-	(963,517)
(Decrease)/increase in cash and cash equivalents		(1,434,914)	4,941,160
Cash and cash equivalents at beginning of year	2	3,165,561	2,159,053
Effect of foreign exchange rate changes		(890,639)	(3,934,652)
Cash and cash equivalents at end of year	2	840,008	3,165,561

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 December 2017

1. **RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2017	2016
	£	£
Profit/(loss) before taxation	195,301	(5,309,016)
Depreciation charges	3,103,193	2,813,634
Finance costs	274,472	238,836
	3,572,966	(2,256,546)
(Increase)/decrease in stocks	(1,252,094)	106,602
Increase in trade and other debtors	(1,059,777)	(1,294,869)
(Decrease)/increase in trade and other creditors	(2,088,755)	10,479,453
Cash generated from operations	(827,660)	7,034,640

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	840,008	3,165,561

Year ended 31 December 2016

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	3,165,561	2,159,053

The notes form part of these financial statements

1. **STATUTORY INFORMATION**

Bifrangi UK Limited is a private company, limited by shares , registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern
The company will receive continued support from the company's ultimate holding company, Bifrangi S P A. At the year end the company owed Bifrangi S P A £11,101,211 (2016: £11,385,957) . The purpose of the loan is to provide sufficient funds to enable the company to meet both the capital commitments and any other liabilities as they fall due.

Turnover
Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Goodwill
Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

Goodwill arising on business acquisition, representing the difference between the fair value of the consideration given and the fair value of the assets acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 5 years. The useful economic life of buildings from 31 December 2005 was reassessed for an additional 6 years therefore goodwill relating to the acquisition of these buildings is being written off over an additional 6 years.

Intangible assets
Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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

Freehold buildings	- 2-4% straight line
Plant & machinery	- 4-33% straight line

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

Cost is determined on the weighted average cost formula.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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2. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the income statement.

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.

Government grants

Government grant income is recognised when it is received. Grants relating to the purchase of assets are treated as deferred income and allocated to the income statement over the useful economic lives of the related assets while grants relating to expenses are treated as other income in the income statement.

Loans and borrowings

Loan and borrowings are initially measured at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The company has elected to treat the date of transition to FRS102 (1 January 2014) as the commencement date of the capitalisation of interest on qualifying assets.

All other borrowing costs are recognised in income statement in the period in which they are incurred.

3. **TURNOVER**

The turnover and profit (2016 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2017	2016
	£	£
United Kingdom	4,264,926	2,289,792
Europe	12,080,877	10,334,384
Rest of world	9,614,463	7,807,252
	25,960,266	20,431,428

The whole of the turnover is attributable to one class of business.

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4. OTHER OPERATING INCOME

	2017	2016
	£	£
Government grants	642,823	241,165
Exchange gains/(losses)	(890,640)	(3,934,652)
	(247,817)	(3,693,487)

5. EMPLOYEES AND DIRECTORS

	2017	2016
	£	£
Wages and salaries	5,297,596	4,743,910
Social security costs	491,456	461,224
Other pension costs	253,296	253,846
	6,042,348	5,458,980

The average number of employees during the year was as follows:

	2017	2016
Production	186	157
Administration	22	28
Directors	4	4
	212	189

	2017	2016
	£	£
Directors' remuneration	120,000	86,594

6. OPERATING PROFIT/(LOSS)

The operating profit (2016 - operating loss) is stated after charging:

	2017	2016
	£	£
Depreciation - owned assets	3,103,193	2,813,634
Foreign exchange differences	890,640	3,934,652

7. AUDITORS' REMUNERATION

	2017	2016
£ £		
Fees payable to the company's auditor for the audit of the company's annual accounts	26,712	24,539
Fees payable to the company's auditor and its associates in respect of - All other services	4,400	4,100

8. EXCEPTIONAL ADMINISTRATIVE EXPENSES

	2017	2016
	£	£
Exceptional administrative expenses	(5,125)	(269,696)

The exceptional administrative expenses relate to redundancy costs for 2017 and 2016.

continued...

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Other interest	20,000	20,000
Loan interest	254,472	218,836
	274,472	238,836

10. TAXATION

Analysis of the tax credit
The tax credit on the profit for the year was as follows:

	2017	2016
	£	£
Deferred tax	-	(210,137)
Tax on profit/(loss)	-	(210,137)

Reconciliation of total tax credit included in profit and loss
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2017	2016
	£	£
Profit/(loss) before tax	195,301	(5,309,016)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2016 - 20%)	37,107	(1,061,803)
Effects of:		
Expenses not deductible for tax purposes	-	(5,010)
Capital allowances in excess of depreciation	-	(443,857)
Tax losses carried forward	(37,107)	1,570,321
Overprovision	-	(59,651)
Deferred tax movement	-	(210,137)
Total tax credit	-	(210,137)

Tax effects relating to effects of other comprehensive income

There were no tax effects for the year ended 31 December 2017.

	2016		
	Gross	Tax	Net
	£	£	£
Capital contribution disposal	(963,517)	-	(963,517)

continued...

11. INTANGIBLE FIXED ASSETS

	Goodwill
	£
COST	
At 1 January 2017	
and 31 December 2017	(12,045,650)
AMORTISATION	
At 1 January 2017	
and 31 December 2017	(12,045,650)
NET BOOK VALUE	
At 31 December 2017	-
At 31 December 2016	-

12. TANGIBLE FIXED ASSETS

	Freehold property	Plant and machinery	Totals
	£	£	£
COST			
At 1 January 2017	15,554,355	64,727,477	80,281,832
Additions	-	1,223,421	1,223,421
At 31 December 2017	15,554,355	65,950,898	81,505,253
DEPRECIATION			
At 1 January 2017	1,658,489	35,241,579	36,900,068
Charge for year	265,163	2,838,030	3,103,193
At 31 December 2017	1,923,652	38,079,609	40,003,261
NET BOOK VALUE			
At 31 December 2017	13,630,703	27,871,289	41,501,992
At 31 December 2016	13,895,866	29,485,898	43,381,764

Included in cost of land and buildings is freehold land of £ 2,040,000 (2016 - £ 2,040,000) which is not depreciated.

Included in additions to Plant and machinery is interest capitalised of £Nil (2016: £348,353).In 2016 Interest was capitalised at the rate of 0.5% for the loan provided by Bifrangi SPA and 2.5% for the loan provided by Boltex Inc.

13. STOCKS

	2017	2016
	£	£
Raw materials	2,870,375	2,349,022
Work-in-progress	1,853,120	1,669,127
Finished goods	1,528,753	982,005
	6,252,248	5,000,154

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade debtors	4,757,041	3,799,594
Other debtors	1,611	1,568
VAT	95,400	-
Prepayments and accrued income	56,204	49,317
	4,910,256	3,850,479

continued...

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Bank loans and overdrafts (see note 17)	1,973,292	1,903,647
Other loans (see note 17)	2,360,060	1,713,282
Trade creditors	2,629,897	2,032,282
Amounts owed to group undertakings	1,317,251	1,946,911
Social security and other taxes	143,495	111,924
VAT	-	30,639
Other creditors	(11,724)	76,988
Accruals and deferred income	4,053,880	4,724,491
	12,466,151	12,540,164

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017	2016
	£	£
Debentures (see note 17)	1,000,000	1,000,000
Bank loans (see note 17)	4,933,229	6,662,764
Other loans (see note 17)	12,000,802	12,630,923
Amounts owed to group undertakings	9,783,960	9,439,046
	27,717,991	29,732,733

17. LOANS

An analysis of the maturity of loans is given below:

	2017	2016
	£	£
Amounts falling due within one year or on demand:		
Bank loans	1,973,292	1,903,647
Other loans	2,360,060	1,713,282
	4,333,352	3,616,929
Amounts falling due between one and two years:		
Bank loans - 1-2 years	1,973,292	1,903,647
Amounts falling due between two and five years:		
Debentures	1,000,000	1,000,000
Bank loans - 2-5 years	2,959,937	4,759,117
Other loans	12,000,802	12,630,923
	15,960,739	18,390,040

18. SECURED DEBTS

Short term borrowings are secured by guarantee given by the company's parent, Bifrangi S P A.

The loans with Boltex Inc are secured by way of (a) fixed charge over the Chattels and (b) assignment of the Borrower's rights under certain agreements and insurance policies associated with the acquisition, operation and maintenance of the Chattels.

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
4,000,000	Ordinary	£1	4,000,000	4,000,000

continued...

20. RESERVES

	Retained earnings £
At 1 January 2017	9,125,061
Profit for the year	195,301
At 31 December 2017	9,320,362

21. CAPITAL COMMITMENTS

	2017 £	2016 £
Contracted but not provided for in the financial statements	1,026,515	98,325

22. RELATED PARTY TRANSACTIONS

Fincoil S R L
Included within creditors due in more than one year is a £1,000,000 (2016: £1,000,000 due in less than one year) advance from Fincoil S R L, a company which owns 40% of this company's share capital. As at 31 December 2017 the loan is repayable on 31 December 2022. Interest totalling £20,000 (2016: £20,000) was outstanding at 31 December 2016 and is included in accruals.

Bifrangi S P A
The company has loans outstanding to its parent company Bifrangi S P A of €11,101,211 (2016: €11,018,670). The total translated balance outstanding at the year end is £9,783,960 (2016: £9,439,046) which is due after more than one year. This balance is included within amounts due to group undertakings in less than one year

The company trades with its parent company Bifrangi S P A. During the year the company acquired goods and services to the value of £397,471 (2016: £731,469) from Bifrangi S P A and made sales to Bifrangi S P A of £1,755,715 (2016: £1,161,077).

At the year end amounts owed by/to Bifrangi S P A were £69,469 (2016: £Nil) and £1,387,225 (2016: £1,946,911) respectively. These amounts are shown within amounts owed by/to group undertaking.

Boltex Inc
During the year the company made purchases totalling £509,985 (2016: £220,478) from Boltex Inc, a company under common ownership.

In 2013 the company took out a loan with Boltex Inc to the value of €4,800,000. In addition in 2014 a further €9,200,000 loan was taken and in 2015 an additional $5,000,000 loan was taken with Boltex Inc.

The total translated balance outstanding at the year end is £14,361,421 (2016: £14,344,2015) of which £1,775,884 (2016: £1,713,282) is due within one year.

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is controlled by Bifrangi S P A.

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Bifrangi S P A, a company incorporated in Italy. Consolidated accounts are available from Sede in Via Manzoni, 14, 36065 Mussoleti, 14.

In the opinion of the directors this is the company's ultimate parent company.

Bifrangi S P A is ultimately controlled by F Biasion.