Registered number: 04315304

PRIDEN ENGINEERING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

PRIDEN ENGINEERING LIMITED

COMPANY INFORMATION

Directors	A J Ducker C A Harris A Sime J G Rawlings K Walker
Registered number	04315304
Registered office	Priden Engineering Limited Algores Way Wisbech Cambridgeshire PE13 2TQ
Independent auditor	Ernst & Young LLP 16 Bedford Street Belfast BT2 7DT
Bankers	Barclays Bank Plc 12 Old Market Wisbech Cambridgeshire PE13 1NN

PRIDEN ENGINEERING LIMITED

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PRIDEN ENGINEERING LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023

Introduction
The directors present the strategic report for the year ended 31 March 2023.

Fair review of the business
Turnover for the year was £6.1m compared with 9.5m in the year to 31 March 2022, from which the Company delivered an operating profit of £6,433 (2022: operating loss of £27,572). As noted in last year's financial statements, the Company has forged closer links with its fellow Group undertakings, S B Components (International) Limited and Wilcox Commercial Vehicles Limited, which has helped expand the Company's product range and production expertise. This has reduced reliance on the Company's traditional agricultural Tipper and Blower business and allowed the wider TVS Interfleet Group to direct production to the best suited location, improving customer service and efficiency. The reduction in revenue reflects these closer links, particularly with S B Components (International) Limited. The Company's facilities and teams have been used regularly to help deliver new large customer orders elsewhere in the Group, while continuing to maintain its own recurring business. Costs have been recharged where appropriate allowing an operating profit to be delivered despite the reduced turnover.

The directors remain confident in the business and as the impact of the global shortage of semiconductors eases, expect further operational improvements in the financial year to March 2024. The business closed the period with a significant order book and programmes and continues to maintain a strong pipeline of opportunities. As a result, the business is well placed to exploit growth opportunities which will drive top line performance in 2023/24 and beyond.

Principal risks and uncertainties

COVID-19 Risk
The business performance during the year to March 2023 continued to feel some effects of the COVID-19 pandemic, with the business's supply chain impacted. However, the impact has lessened from the three previous years and the level of disruption is reducing.

Legislative risk
Legislative risk has been mitigated through the European Whole Vehicle Type Approval (EWVTAL) accreditation, and in 2020, the TVS Interfleet Group was awarded Group wide EWVTAL accreditation.

Financial risk management and objectives

Foreign exchange risk
The Company is exposed to currency exchange rate risk arising from trade with overseas customers and suppliers predominantly domiciled within the Eurozone. No active management of this risk is undertaken as the extent of overseas sales and purchases is not significant and the Euros generated and utilised by such trading tend to act as a natural hedge.

Liquidity risk
The objective of the Company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Group expects to meet its financial obligations through operating cash flows.

Credit risk
The Company offers credit terms to customers which allows for payment after the delivery of the goods or services. The Company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by only offering deferred terms to customers who satisfy credit worthiness procedures and demonstrate an appropriate payment history. Credit risk is further mitigated by the Company's broad customer base which it constantly seeks to expand.

Interest rate risk
The Company's exposure to movements in interest rates is mitigated by the availability of Group resources to meet its long-term funding requirements on either fixed interest or zero interest terms. The Group is predominantly financed by fixed rate loan instruments.

Short-term working capital requirements are funded by an invoice discounting arrangement with a variable interest rate linked to the prevailing base rate.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Key performance indicators

The Company's financial performance is assessed primarily by turnover, gross margin, and earnings before interest, tax, depreciation, and amortisation ("EBITDA"). The Company also manages its operations through a Group-wide review of other KPIs focussing on operational management, safety, and productivity. Of these, the health and safety measurements are considered to be the most important, and the business continues to strive to ensure safe processes and practices along with leading manufacturing environments.

	2023	2022 As restated
Turnover (£000)	6,125	9,465
Gross margin (%)	23.1%	17.4%
EBITDA (£000)	247	229
Average number of employees (no.)	41	53
Turnover per employee (£000 per employee)	149	179

This report was approved by the board on 20 December 2023 and signed on its behalf by:

DocuSigned by:

Alan Sime

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A Sime

Director

20 December 2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Principal activities
The principal activity of the Company continues to be the manufacture of commercial vehicles bodies and associated parts.

Results and dividends
The loss for the year, after taxation, amounted to £46,327 (2022: loss of £123,654). The review of business performance has been included within the strategic report.

No dividends were paid during the year (2022: £nil).

Statement of comprehensive income reclassification
Certain depreciation amounts in the comparatives have been reclassified from administrative expenses to cost of sales to ensure consistent presentation with the current year statement of comprehensive income.

Future developments
The Company's traditional activity of supplying vehicles to the agricultural industry has been impacted by COVID-19 and the availability of chassis on which to build. In response, the Company has formed closer working relationships with its fellow Group undertakings, SB Components (International) Limited and Wilcox Commercial Vehicles Limited. This has allowed skills to be shared, improved the range of products that the Company can produce and also increased the manufacturing capacity of the wider TVS Interfleet Group. The benefit of this approach has been seen in the year ended 31 March 2023 where the Company has returned to an operating profit, despite some disruption to supply chains and product availability in summer 2022.

In addition, TVS Interfleet Group is investing in the next generation of mixers and tippers for use with electric vehicles. It is well documented that legislation is being introduced over the next few years that will restrict the use of diesel vehicles and the Group are working with Original Equipment Manufacturers ("OEMs") to develop leading edge electric vehicles suitable for use in all locations. This is an exciting development for the Company and the wider TVS Interfleet Group and supports our commitment to developing products suitable to the changing needs of our customers and the environment.

Directors
The directors who served during the year were:

A J Ducker
C A Harris
A Sime
J G Rawlings
K Walker

Going concern
The Group directors have prepared cash flow forecasts across the TVS Interfleet Group for the foreseeable future, being the 24-month period from the balance sheet date and ending on 31 March 2025, which give the directors reasonable confidence the Company will have adequate resources to meet its operating liabilities as they fall due for the foreseeable future.

The Company also has a financial support letter from its parent undertaking, TVS Interfleet Limited, for the 24-month period from the balance sheet date and ending on 31 March 2025, which is for a period of more than 12 months after the approval of the financial statements. To satisfy themselves that TVS Interfleet Limited has the means to provide such support, if required, the directors have held discussions with Group directors and understood the cashflow forecasts, available facilities, cash reserves, and financial covenants. In addition, they have reviewed the various downside risk scenarios modelled by the Group directors on the base forecasts and concluded these to be reasonable.

On the basis of their assessment, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Post balance sheet events
There have been no significant events affecting the Company since balance sheet date. The directors have considered the potential effects on the Company arising from the Israel-Gaza war and continue to monitor the consequences of the war in Ukraine. They have concluded that any impact on the Company arising from these conflicts is not material.

Research and development
The Company is committed to ongoing R&D activity and expects to see continued further growth as a result of the successful implementation of these projects.

Employment involvement
The Company's policy is to consult and discuss with employees, as appropriate, matters likely to affect employees' interests. Information on matters of concern to employees is given through information bulletins and employee meetings which seek to achieve a common awareness on the part of all employees of the financial and economic factors impacting the Company's performance.

Health and safety
The Company is committed to safeguarding the health, safety, and welfare of its employees by providing and by maintaining safe working conditions.

Statement of directors' responsibilities in respect of the financial statements
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). 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 in accordance with Section 10 of FRS 102 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company financial position and financial performance;
- in respect of the Company financial statements, state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 Company 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

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.

Matters disclosed in the strategic report
In accordance with section 414C of the Companies Act 2006, certain matters are covered with the strategic report.

Auditor
The auditor, Ernst & Young 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 2023 and signed on its behalf by:

DocuSigned by:
Alan Sime
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A Sime
Director

20 December 2023

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PRIDEN ENGINEERING LIMITED

Opinion
We have audited the financial statements of Priden Engineering Limited (the 'Company') for the year ended 31 March 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, and notes 1 to 25 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 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 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
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 the period to 31 March 2025, which is for more than a period of 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PRIDEN ENGIEERING LIMITED (CONTINUED)

Matters on which we are required to report under 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 directors' report.

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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 4, 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.

Explanation as to what extent the audit was considered 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 irregularities, including fraud. 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 or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are Companies Act 2006, the reporting framework FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', Bribery Act 2010, Money Laundering Regulations 2017 and UK Tax Legislation.
- We understood how the Company is complying with those frameworks by making and corroborating enquiries of management and those charged with governance to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through review of the following documentation or performance of the following procedures:
    - Obtaining an understanding of entity-level controls and considering the influence of the control environment;
    - Obtaining an understanding of policies and procedures in place regarding compliance with laws and regulations, including how compliance with such policies is monitored and enforced; obtaining an understanding of management's process for identifying and responding to fraud risks, including programs and controls established to address risks identified or otherwise prevent, deter and detect fraud and how senior management monitors those programs and controls; and
    - Review of board meeting minutes in the period and to the date of signing.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PRIDEN ENGINEERING LIMITED (CONTINUED)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by discussion within the audit team which included:
  - Identification of fraud risks including revenue recognition and in response we performed procedures including using data analytics tools, tested a sample to source documentation including invoice and subsequent cash collection, as well as performing tests around cut off, review of unusual items and analytical review procedures;
  - Identification of related parties, including circumstances related to the existence of a related party with dominant influence;
  - Understanding the Company's business and entity-level controls and considering the influence of the control environment; and
  - Considering the nature of the account and our assessment of inherent risk for relevant assertions of significant accounts.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing of journal entries, with focus on manual journals, large or unusual transactions, or journals meeting our defined risk criteria based on our understanding of the business; reviewing accounting estimates for evidence of management bias; enquiring of members of senior management and those charged with governance regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements; and inspecting correspondence, if any, with the relevant licensing or regulatory authorities.

A further description of our responsibilities for the audit of the financial statements is located 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:

Ernst & Young LLP

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Lindsay Russell
For and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

Date: 20 December 2023

PRIDEN ENGINEERING LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 As restated £
Turnover	3	6,124,600	9,465,383
Cost of sales		(4,711,984)	(7,819,150)
Gross profit		1,412,616	1,646,233
Administrative expenses:			
Before exceptional items		(1,406,183)	(1,617,646)
Exceptional items	7	-	(56,159)
Operating profit / (loss)	4	6,433	(27,572)
Interest receivable and similar income	8	236	5
Interest payable and similar charges	9	(54,166)	(41,696)
Loss before tax		(47,497)	(69,263)
Tax credit / (charge) on loss	10	1,170	(54,391)
Loss for the financial year		(46,327)	(123,654)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(46,327)	(123,654)

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

The notes on pages 12 to 24 form part of these financial statements.

PRIDEN ENGINEERING LIMITED

BALANCE SHEET
AS AT 31 MARCH 2023

	Notes	£	2023 £	£	2022 £
Fixed assets					
Intangible assets	11		-		-
Tangible assets	12		2,230,394		2,466,594
			2,230,394		2,466,594
Current assets					
Stocks	13	788,076		1,234,705	
Debtors	14	1,427,408		1,691,280	
Cash at bank and in hand		35,022		22,982	
		2,250,506		2,948,967	
Creditors: amounts falling due within one year	15	(3,850,000)		(4,477,466)	
Net current liabilities			(1,599,494)		(1,528,499)
Total assets less current liabilities			630,900		938,095
Creditors: amounts falling due after more than one year	16		(421,210)		(577,780)
Provisions for liabilities					
Deferred tax	18	(204,708)		(130,506)	
Warranty provision	19	(135,000)		(313,500)	
			(339,708)		(444,006)
Net liabilities			(130,018)		(83,691)
Capital and reserves					
Called up share capital	20		3		3
Profit and loss account			(130,021)		(83,694)
Total shareholder deficit			(130,018)		(83,691)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 December 2023.

DocuSigned by:
Alan Sime
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A Sime
Director

20 December 2023

The notes on pages 12 to 24 form part of these financial statements.

Registered number: 04315304

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Share capital	Profit and loss account	Total equity / (shareholder deficit)
	£	£	£
Balance at 1 April 2021	3	39,960	39,963
Loss and total comprehensive loss for the year	-	(123,654)	(123,654)
Balance at 31 March 2022	3	(83,694)	(83,691)
Loss and total comprehensive loss for the year	-	(46,327)	(46,327)
Balance at 31 March 2023	3	(130,021)	(130,018)

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared 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 financial statements have been prepared under the historical cost convention unless otherwise specified within the accounting policies below.

The financial statements are presented in Sterling, which is the presentational and functional currency of the Company, and no rounding has been applied.

The principal accounting policies applied in the preparation of these financial statements are set out below.

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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 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;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of TVS Interfleet Limited which may be obtained from Companies House.

2.3 Going concern

The Group directors have prepared cash flow forecasts across the TVS Interfleet Group for the foreseeable future, being the 24-month period from the balance sheet date and ending on 31 March 2025, which give the directors reasonable confidence the Company will have adequate resources to meet its operating liabilities as they fall due for the foreseeable future.

The Company also has a financial support letter from its parent undertaking, TVS Interfleet Limited, for the 24-month period from the balance sheet date and ending on 31 March 2025 which is for a period of more than 12 months after the approval of the financial statements. To satisfy themselves that TVS Interfleet Group Limited has the means to provide such support, if required, the directors have held discussions with Group directors and understood the cashflow forecasts, available facilities, cash reserves, and financial covenants. In addition, they have reviewed the various downside risk scenarios modelled by the Group directors on the base forecasts and concluded these to be reasonable.

On the basis of their assessment, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. Accounting policies (continued)

2.4 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates, and assumptions based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances, in the process of applying the Company's accounting policies. However, the nature of estimation means that actual outcomes could differ from those estimates.

The items in the financial statements where these judgements and estimates have been made include:

Revenue

Revenue recognition is deemed to have been achieved on completion of the work and notification to the customer in line with terms and conditions.

Work in progress

Work in progress is calculated as all materials allocated to a job, plus cost of labour hours worked on the job based on the estimated stage of completion compared to standard process hours. The labour rate is calculated at hourly labour costs plus an element of attributable production overheads.

Development costs

The Company capitalises development costs in relation to new and innovative products when such capitalisation is supported by the future economic benefits that are expected to be derived from those products. In assessing impairment, management compares the capitalised development costs with the related expected future economic benefits.

At the balance sheet date all current capitalised development expenditure had been fully amortised.

Warranty

The Company offers a warranty on products sold to customers. As such, it is necessary to consider the expected future costs that will be incurred in meeting this warranty obligation and the associated warranty provision required. When calculating the warranty provision, management considers the specific warranty terms offered to customers, as well as both historic rates of warranty claims, and any current issues of which management is aware.

Leases

Building leases are deemed to be operating leases based on the future minimum lease payments over the term of the lease.

2.5 Revenue

Revenue is recognised to the extent 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. Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has notified the customer of completion;
- the delivery of goods/collection of goods by customer has occurred, which is the sooner of either the delivery/collection date or three business days following the completion notification;
- 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. Accounting policies (continued)

2.6 Intangible fixed assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses, if any. All intangible assets are considered to have a finite useful life and amortisation begins when the intangible fixed asset is available for use.

Development costs are capitalised to the extent that they represent expenditure on separately identifiable projects on which the outcome is assessed as probable that future economic benefits will flow to the Company. Other development costs, and research costs, are written off in the year in which they are incurred.

The estimated useful life of capitalised development costs is the life of the related product up to a maximum of 5 years.

2.7 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 a straight line or reducing balance basis.

Depreciation is provided on the following basis:

Leasehold improvements	Period of the lease
Plant and machinery	10% - 20% on cost
Motor vehicles	25% on cost
Fixtures, fittings, and equipment	25% on reducing balance

The assets' residual values, useful lives, and depreciation methods are reviewed and adjusted prospectively where 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 value and are recognised in the statement of comprehensive income.

2.8 Impairment of fixed assets

At each reporting period end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than it's carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

For fixed assets other than goodwill, recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. Accounting policies (continued)

2.9 Stock and work in progress

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and cost to sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

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 cost to sell. The impairment loss is recognised immediately in the statement of comprehensive income.

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 Cash at bank and in hand

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.

2.12 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.

2.13 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, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the 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 debtors and creditors, 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 the 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 liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Impairment of financial assets

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 cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the Company would receive for the asset if it were sold at the balance sheet date.

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.

2. Accounting policies (continued)

2.13 Financial instruments (continued)

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

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

2.14 Foreign currency transactions

Functional and presentational currency

The Company's functional and presentational currency is Sterling.

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, monetary assets and liabilities denominated in foreign currencies 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 the fair value was determined.

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

2.15 Finance leases and hire purchase contracts

Assets obtained under finance leases and hire purchase contracts are capitalised as tangible fixed assets. Assets acquired by finance leases are depreciated over the shorter of the lease terms and their useful lives. Assets acquired by hire purchase contracts are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.16 Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. 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. Accounting policies (continued)

2.17 Pension costs

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to the statement of comprehensive income in the period to which they relate.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Dividend income is recognised when legally payable.

2.19 Borrowing costs

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

2.20 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 balance sheet 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 balance sheet.

2.21 Current and deferred taxation

The tax expense for the period 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 balance sheet date in the countries where the Company operates and generates income.

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

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

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

3. Turnover

Turnover is wholly attributable to the Company's principal activity, the manufacture of commercial vehicle bodies and associated parts, and is derived from sales entirely within the United Kingdom.

4. Operating profit / (loss)

Operating profit / (loss) is stated after charging:

	2023 £	2022 £
Depreciation of tangible fixed assets	241,030	256,226
Operating lease charges	233,321	334,842
Fees payable to the auditor for the audit of the Company's financial statements	24,100	24,200
Fees payable to the auditor for tax compliance services	4,000	4,000

5. Employees

Staff costs, including directors' remuneration, comprised:

	2023 £	2022 £
Wages and salaries	1,566,625	1,739,843
Social security costs	172,097	170,431
Pension costs	43,700	39,907
	1,782,422	1,950,181

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

	2023 £	2022 £
Administration	7	11
Manufacturing	34	42
	41	53

6. Directors' remuneration

During the current and prior year, all remuneration payable to the directors of the Company was borne by other Group companies. Any amount of the directors' remuneration attributable to the company for qualifying services is deemed negligible.

During the current and prior year, no directors had retirement benefits accruing to them under defined contribution pension schemes.

7. Exceptional items

	2023	2022
	£	£
Redundancy costs	-	56,159

8. Interest receivable and similar income

	2023	2022
	£	£
Bank interest receivable	109	5
Other interest receivable	127	-
	236	5

9. Interest payable and similar charges

	2023	2023
	£	£
Interest payable on finance leases and hire purchase contracts	42,612	38,549
Bank interest payable	11,554	3,147
	54,166	41,696

10. Taxation

	2023	2022
	£	£
Corporation tax		
On profits for the current year	19,570	10,181
Adjustments in respect of prior periods	30,276	-
	49,846	10,181
Deferred tax		
Origination and reversal of timing differences	(41,366)	(7,725)
Adjustments in respect of prior periods	3,413	18,587
Effect of changes in tax rates	(13,063)	33,348
	(51,016)	44,210
Total tax (credit) / charge for the year	(1,170)	54,391

10. Taxation (continued)

Factors affecting tax (credit) / charge for the year
The tax assessed for the year is higher than (2022: higher than) the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	2023 £	2022 £
Loss before tax	(47,497)	(69,263)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	(9,024)	(13,160)
Effects of:		
Expenses that are not deductible in determining taxable profits	7,076	19,029
Non-taxable income	(414)	-
Group relief	(19,434)	(3,413)
Adjustments in respect of previous periods	33,689	18,587
Effect of changes in tax rates	(13,063)	33,348
Total tax (credit) / charge for the year	(1,170)	54,391

Factors that may affect future tax charges
The Finance Act 2021 confirmed that the corporation tax rate will be increased to 25% on 1 April 2023. This was substantially enacted on 24 May 2021 therefore deferred tax has been calculated at the rate at which the balances are expected to be settled, based on tax rates that have been substantively enacted at the balance sheet date.

11. Intangible fixed assets

	Development costs £
Cost	
At 1 April 2022 and 31 March 2023	240,986
Amortisation and impairment	
At 1 April 2022 and 31 March 2023	240,986
Net book value	
At 31 March 2023 and 31 March 2022	-

12. Tangible fixed assets

	Leasehold Improvements £	Plant and machinery £	Motor Vehicles £	Fixtures, fittings and equipment £	Total £
Cost					
At 1 April 2022	2,160,913	1,232,299	449,183	126,311	3,968,706
Additions	-	-	-	4,830	4,830
At 31 March 2023	2,160,913	1,232,299	449,183	131,141	3,973,536
Depreciation					
At 1 April 2022	256,937	740,406	421,885	82,884	1,502,112
Charge for the year	84,308	116,191	26,206	14,325	241,030
At 31 March 2023	341,245	856,597	448,091	97,209	1,743,142
Net book value					
At 31 March 2023	1,819,668	375,702	1,092	33,932	2,230,394
At 31 March 2022	1,903,976	491,893	27,298	43,427	2,466,594

The net book value of assets held under finance leases and hire purchase contracts, included above, are as follows:

	2023 £	2022 £
Plant and machinery	227,825	291,313
Motor vehicles	-	24,707
	227,825	316,020

The depreciation charge for the year includes £88,195 (2022: £98,935) in respect of assets held under finance leases and hire purchase contracts.

13. Stocks

	2023 £	2022 £
Raw materials and consumables	556,376	420,978
Work in progress	231,700	813,727
	788,076	1,234,705

Stock recognised in cost of sales during the year as an expense was £3,221,578 (2022: £6,198,203).

No stock provision (2022: £nil) was recognised in cost of sales during the year.

14. Debtors

	2023	2022
	£	£
Trade debtors	485,273	431,301
Amounts owed by Group undertakings	742,644	1,115,313
Corporation tax	126,636	94,267
Other debtors	-	32,956
Prepayments and accrued income	72,855	17,443
	1,427,408	1,691,280

Amounts owed by Group undertakings are unsecured, interest-free, and repayable on demand.

15. Creditors: Amounts falling due within one year

	2023	2022
	£	£
Invoice discounting facility	162,521	14,776
Trade creditors	598,338	988,050
Amounts owed to Group undertakings	2,653,499	2,846,799
Other taxes and social security costs	173,146	321,504
Finance leases and hire purchase contracts	156,570	153,310
Other creditors	9,134	8,239
Accruals and deferred income	96,792	144,788
	3,850,000	4,477,466

Amounts owed under the invoice discounting facility are secured by fixed and floating charges over the assets of the Company.

Amounts owed to Group undertakings are unsecured, interest-free, and repayable on demand.

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

	2023	2022
	£	£
Finance leases and hire purchase contracts	421,210	577,780

17. Financial instruments

	2023	2022
	£	£
Financial assets		
Financial assets measured at amortised cost	1,262,939	1,602,552
Financial liabilities		
Financial liabilities measured at amortised cost	4,098,064	4,733,742

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, and amounts owed by Group undertakings.

Financial liabilities measured at amortised cost comprise invoice discounting facility, trade creditors, finance leases and hire purchase creditors, other creditors, accruals, and amounts owed to Group undertakings.

18. Deferred taxation

	2023 £	2022 £
At beginning of year	130,506	86,296
(Credited) / charged to profit and loss (see note 10)	(51,016)	44,210
Transfer of deferred tax on capital gains held over from other Group companies	125,218	-
At end of year	204,708	130,506

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	98,688	148,203
Other short-term timing differences	(19,198)	(17,697)
Capital gain held over	125,218	-
	204,708	130,506

19. Warranty provision

	2023 £	2022 £
At beginning of year	313,500	313,500
Amounts utilised	(154,241)	-
Amounts released	(24,259)	-
At end of year	135,000	313,500

The Company manufactures commercial vehicle bodies and associated parts. Some products carry formal guarantees of satisfactory performance for varying periods following their purchase by customers and a provision is carried in respect of the expected costs of settling warranty and guarantee claims which may arise. Both the number of claims and the cost of settling the claim are sensitive to change but not to such an extent as would cause material change in the provision. Provisions are reviewed by management on a regular basis and adjusted to reflect the current best estimate of the economic outflow. If it is no longer probably that an outflow of economic benefits will be required, the related provision is reversed. As at 31 March 2023, £45,000 (2022: £33,500) of the warranty provision would be considered general in nature.

20. Share capital

	2023 £	2022 £
Allotted, called up, and fully paid		
3 Ordinary shares of £1 each	3	3

21. Reserves

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

22. Pension commitments

The Company operates a defined contribution pension scheme for all qualifying employees. 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 £43,700 (2022: £39,907).

23. Commitments under operating leases

At 31 March 2023, the Company had future minimum lease commitments under non-cancellable operating leases as follows:

	2023	2022
	£	£
Within one year	200,000	200,000
Between two to five years	800,000	800,000
In over five years	3,341,667	3,541,667
	4,341,667	4,541,667

23. Contingent liabilities

The Company has granted a cross-company guarantee in respect of the bank borrowings of its ultimate parent undertaking, TVS Interfleet Limited, amounting to £1,018,750 (2022: £1,833,750).

The company has also granted cross-company guarantees to certain fellow Group undertakings in respect of amounts owed under invoice discounting arrangements amounting to £4,107,985 (2022: £3,459,193).

These guarantees are secured by fixed and floating charges over the assets of the Company.

25. Controlling party

The immediate parent undertaking is Priden (UK) Ltd.

The largest group in which the results of the Company for the year ended 31 March 2023 are consolidated is TVS Interfleet Limited. Copies of the financial statements of TVS Interfleet Limited are available from Companies House.

The ultimate controlling party is Elaghmore GP LLP.

No transactions with related parties were undertaken which require to be disclosed under FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.