

# **Fox Industrial Holdings Limited**

Report and Financial Statements

Year Ended

30 September 2013

Company Number 06293913

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# **Fox Industrial Holdings Limited**

## **Report and financial statements for the year ended 30 September 2013**

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### **Contents**

#### **Page:**

1	Strategic report
3	Report of the directors
6	Independent auditor's report
8	Consolidated profit and loss account
9	Consolidated statement of total recognised gains and losses
10	Consolidated balance sheet
11	Company balance sheet
12	Consolidated cash flow statement
13	Notes forming part of the financial statements

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### **Directors**

O R H Baker  
D Fletcher  
J Rigby  
S Stancliffe

### **Secretary and registered office**

O R H Baker, Sheephouse Wood, Stocksbridge, Sheffield, S36 4GS

### **Company number**

06293913

### **Auditors**

BDO LLP, Fountain Precinct, Balm Green, Sheffield, S1 2JA

# Fox Industrial Holdings Limited

## Strategic report for the year ended 30 September 2013

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The directors present their strategic report together with the audited financial statements for the year ended 30 September 2013.

### Review of business and future developments

The Group loss for the period after taxation amounted to £833,328 (18 months ended 30 September 2012: loss of £619,309).

The period ended 30 September 2013 once again saw challenging trading conditions in the Group's key markets, exacerbated by a protracted slowdown in the UK and Eurozone economies. Nevertheless, the Group has made significant progress in improving the resilience and stability of the business, including the development of new customer accounts, the restructuring and continuous improvement of manufacturing processes, and the sourcing of cheaper raw material feedstock from Far Eastern markets. This progress is evident in the results for the second half of the financial period, and in subsequent trading, which reflect the following:

- Sales recovery of £1M (22%) to £5.7M in the six months to September 2013;
- Continued growth in sales of Special Stainless and Well Service products, increasing by £0.4M (29%) in the six months to September 2013. This growth was achieved through the development of new customer accounts, and has been fundamental in driving an improvement in gross margin;
- Reduction in operating cost, excluding exceptional items, of £270/Tonne (14%) to £1,610/Tonne in the six months ended September 2013, reflecting a restructuring programme that incorporated a 17% reduction in headcount and the rationalisation of discretionary third party spend.

These positive developments were facilitated by raising £1.55M in equity and shareholder loans from Finance Yorkshire, of which £1.0M was drawn in March 2013 and the balance in October 2013 and May 2014. These funds were used to recapitalise the business in order to provide necessary working capital and infrastructure reinvestment to support the continued development and growth of the Group. With the financial position of the Group now stabilised, and a breakeven platform established, the business is well placed to continue its rationalisation, revenue growth and mix enrichment agenda.

### Principal risks and uncertainties

The management regularly evaluates the Group's risk appetite. The principal risks and uncertainties of the Group that impact on the forecasts and financial projections are the current macroeconomic conditions creating uncertainty particularly over (a) the level of demand for the Group's products; (b) the continued availability of trade finance from principal suppliers; and (c) the availability of bank finance in the foreseeable future.

Other risks and uncertainties facing the Group are broadly grouped as competitive and financial risk.

#### **Competitive Risks**

In all markets the Group is subject to competitive pressure from wire producers of various nationalities. The Group has developed and continues to promote strong relationships with its customers, but has no long-term contract basis for supply. Therefore the management of the Group's competitive position is a constant vigilance.

#### **Financial Instrument Risks**

The Group has established a risk and financial management framework whose primary objectives are to protect the Group from events that hinder the achievement of performance objectives.

The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists, and monitor the management of risk at a business unit level.

#### **Use of derivatives**

The Group periodically uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material receipts or payments in a foreign currency.

# Fox Industrial Holdings Limited

## Strategic report for the year ended 30 September 2013 (continued)

### Principal risks and uncertainties (continued)

#### **Exposure to credit and liquidity**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Group policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. The Group also carries credit insurance against such risks. Details of the Group's debtors are shown in note 15 to the financial statements.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group aims to mitigate liquidity risk through the application of daily despatch and cash collection targets, and through the tight control of working capital. The Group also manages liquidity risk via its credit facilities.

### Key performance indicators

The company's financial and other key performance indicators were as follows:

	Year ended 30 September 2013 £	18 months ended 30 September 2012 £
Turnover	10,249,392	21,040,805
Operating (loss)	(706,021)	(332,938)
(Loss) after taxation	(833,328)	(619,309)
Shareholders' (deficit)	(1,106,273)	(652,614)
Current assets as a % of current liabilities	73 %	69 %

### By order of the board



O R H Baker  
Secretary

# **Fox Industrial Holdings Limited**

## **Report of the directors for the year ended 30 September 2013**

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The directors present their report together with the audited financial statements for the year ended 30 September 2013.

### **Results and dividends**

The profit and loss account is set out on page 8 and shows the loss for the year.

### **Principal activities**

The principal activity of the group is the manufacture and distribution of wire in stainless steel and other specialist alloys, as well as in non-ferrous materials, for industrial applications across various global markets.

### **Future developments**

Details of the likely future developments of the group are shown in the Strategic Report on page 1.

### **Directors**

The directors of the company during the year were:

O R H Baker  
D Fletcher (appointed 28 March 2013)  
J Rigby (appointed 28 March 2013)  
S Stancliffe (appointed 28 March 2013)  
J G Harris (resigned 15 March 2013)

# Fox Industrial Holdings Limited

## Report of the directors for the year ended 30 September 2013 (continued)

### Post balance sheet events

Subsequent to the balance sheet date the Group secured a £550,000 injection of funding from Finance Yorkshire in the form of a £550,000 5 year subordinated shareholder loan, and restructured a further £423,000 of short term debt, of which £250,000 was reclassified as equity and £173,000 as a 5 year subordinated shareholder loan. This injection of funds and restructuring of debt significantly improves the working capital position set out within these financial statements, and allows the Group to continue its strategic growth and development programme as a supplier of specialist metal products to worldwide industrial markets.

The table presented below reports a proforma consolidated balance sheet for Fox Industrial Holdings Limited had the aforementioned injection of funding and restructuring of debt occurred at the balance sheet date.

<b>Fox Industrial Holdings Limited Consolidated Balance sheet</b>	<b>As reported 30 September 2013 £</b>	<b>Post balance sheet financing £</b>	<b>Pro forma 30 September 2013 £</b>
<b>Fixed assets</b>			
Intangible assets	350,439		350,439
Tangible assets	521,489		521,489
	<b>871,928</b>		<b>871,928</b>
<b>Current assets</b>			
Stock	942,743		942,743
Debtors	2,181,961		2,181,961
Cash at bank and in hand	223,007	550,000	773,007
	<b>3,347,711</b>		<b>3,897,711</b>
<b>Creditors: amounts falling due within one year</b>			
	<b>(4,575,912)</b>	423,000	<b>(4,152,912)</b>
Net current liabilities	<b>(1,228,201)</b>		<b>(255,201)</b>
<b>Total assets less current liabilities</b>	<b>(356,273)</b>		<b>616,727</b>
<b>Financed by:</b>			
Shareholder Loans	750,000	723,000	1,473,000
Called up share capital	475,000	250,000	725,000
Profit and loss account	(1,581,273)		(1,581,273)
	<b>(356,273)</b>		<b>616,727</b>

There have been no other events since the balance sheet date which materially affect the financial statements.

# **Fox Industrial Holdings Limited**

## **Report of the directors for the year ended 30 September 2013 (continued)**

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### **Directors' responsibilities**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company 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 group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP were appointed as auditors during the year and have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

### **By order of the board**



O R H Baker  
Secretary

# **Fox Industrial Holdings Limited**

## **Independent auditor's report**

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### **To the members of Fox Industrial Holdings Limited**

We have audited the financial statements of Fox Industrial Holdings Limited for the year ended 30 September 2013 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2013 and of the group's 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.

### **Opinion on other matters prescribed by the Companies Act 2006**

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



# Fox Industrial Holdings Limited

## Independent auditor's report (*continued*)

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### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*BDO ul*

Craig Burton (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Sheffield  
United Kingdom  
26 June 2014

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

# Fox Industrial Holdings Limited

## Consolidated profit and loss account for the year ended 30 September 2013

	Note	Year ended 30 September 2013 £	18 months ended 30 September 2012 As restated £
<b>Turnover</b>	3	10,249,392	21,040,805
Cost of sales		(8,198,996)	(17,559,930)
<b>Gross profit</b>		<u>2,050,396</u>	<u>3,480,875</u>
Administrative expenses - excluding exceptional item		(2,366,499)	(3,813,813)
Exceptional item	2	(389,918)	-
Administrative expenses		<u>(2,756,417)</u>	<u>(3,813,813)</u>
<b>Group operating loss</b>	4	(706,021)	(332,938)
Other interest receivable and similar income		-	5
Interest payable and similar charges	7	(287,415)	(228,665)
<b>Loss on ordinary activities before taxation</b>		<u>(993,436)</u>	<u>(561,598)</u>
Taxation on loss on ordinary activities	8	160,108	(57,711)
<b>Loss on ordinary activities after taxation</b>		<u>(833,328)</u>	<u>(619,309)</u>

All amounts relate to continuing activities.

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

# Fox Industrial Holdings Limited

## Consolidated statement of total recognised gains and losses for the year ended 30 September 2013

	Note	Year ended 30 September 2013 £	18 months ended 30 September 2012 £
<b>Consolidated statement of total recognised gains and losses</b>			
Loss for the financial year/period		(833,328)	(619,309)
Total gains and losses for the year/period before currency adjustments		(833,328)	(619,309)
Exchange translation differences on consolidation	20	19,669	(47,659)
<b>Total recognised gains and losses for the financial year/period</b>		<b>(813,659)</b>	<b>(666,968)</b>

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

# Fox Industrial Holdings Limited

## Consolidated balance sheet at 30 September 2013

Company number 06293913

	Note	30 September 2013 £	30 September 2013 £	30 September 2012 £	30 September 2012 £
<b>Fixed assets</b>					
Intangible assets	11		350,439		223,543
Tangible assets	12		521,489		574,986
			871,928		798,529
<b>Current assets</b>					
Stocks	14	942,743		833,058	
Debtors - due within one year	15	1,957,126		2,277,084	
Debtors - due after more than one year	15	224,835		64,664	
		2,181,961		2,341,748	
Total debtors					
Cash at bank and in hand		223,007		92,015	
		3,347,711		3,266,821	
<b>Creditors: amounts falling due within one year</b>	16	(4,575,912)		(4,717,964)	
<b>Net current liabilities</b>			(1,228,201)		(1,451,143)
<b>Total assets less current liabilities</b>			(356,273)		(652,614)
<b>Creditors: amounts falling due after more than one year</b>					
Shareholders' loans	17		(750,000)		-
			(1,106,273)		(652,614)
<b>Capital and reserves</b>					
Called up share capital	19		475,000		100,000
Profit and loss account	20		(1,581,273)		(752,614)
<b>Shareholders' deficit</b>	21		(1,106,273)		(652,614)

The financial statements were approved by the board of directors and authorised for issue on 26th June 2014

O R H Baker  
Director



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

# Fox Industrial Holdings Limited

## Company balance sheet at 30 September 2013

**Company number 06293913**

	Note	30 September 2013 £	30 September 2013 £	30 September 2012 £	30 September 2012 £
<b>Fixed assets</b>					
Intangible assets	11		140,146	-	-
Fixed asset investments	13		100,000		100,000
			<u>240,146</u>		<u>100,000</u>
<b>Current assets</b>					
Debtors	15	984,512		-	-
Cash at bank and in hand		342		64,960	
		<u>984,854</u>		<u>64,960</u>	
<b>Creditors: amounts falling due within one year</b>	16	-		(41,003)	
<b>Net current assets</b>			<u>984,854</u>		<u>23,957</u>
<b>Total assets less current liabilities</b>			<u>1,225,000</u>		<u>123,957</u>
<b>Creditors: amounts falling due after more than one year</b>					
Shareholders' loans	17		(750,000)		-
			<u>475,000</u>		<u>123,957</u>
<b>Capital and reserves</b>					
Called up share capital	19		475,000		100,000
Profit and loss account	20		-		23,957
<b>Shareholders' funds</b>	21		<u>475,000</u>		<u>123,957</u>

The financial statements were approved by the board of directors and authorised for issue on *26th June 2014*



O R H Baker  
Director

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

# Fox Industrial Holdings Limited

## Consolidated cashflow statement for the year ended 30 September 2013

	Note	Year ended 30 September 2013 £	Year ended 30 September 2013 £	18 months ended 30 September 2012 £	18 months ended 30 September 2012 £
<b>Net cash inflow from operating activities</b>	26		157,354		1,321,500
<b>Returns on investments and servicing of finance</b>					
Interest received		-		5	
Interest paid: other loans		(287,415)		(228,665)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(287,415)		(228,660)
<b>Taxation</b>					
Corporation tax paid			(18,302)		(20,906)
<b>Capital expenditure and financial investment</b>					
Payments to acquire intangible fixed assets		(168,175)		-	
Payments to acquire tangible fixed assets		(40,308)		(86,459)	
Receipts from sale of tangible fixed assets		20,000		(75,515)	
<b>Net cash outflow from capital expenditure and financial investment</b>			(188,483)		(161,974)
<b>Dividends paid</b>			(15,000)		(96,000)
<b>Cash (outflow)/inflow before use of financing</b>			(351,846)		813,960
<b>Financing</b>					
Share capital issued		375,000		-	
New loans		798,642		-	
Loans repaid		-		(1,052,440)	
<b>Net cash inflow/(outflow) from financing</b>			1,173,642		(1,052,440)
<b>Increase/(Decrease) in cash</b>	27		821,796		(238,480)

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

# Fox Industrial Holdings Limited

## Notes forming part of the financial statements for the year ended 30 September 2013

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

#### *Going concern*

The financial position of the Group is detailed in the financial statements and supporting notes. Subsequent to the balance sheet date the Group secured a £550,000 injection of funding from Finance Yorkshire in the form of a 5 year subordinated shareholder loan, and restructured a further £423,000 of short term debt, of which £250,000 was reclassified as equity and £173,000 as a 5 year subordinated shareholder loan. This injection of funds and restructuring of debt has significantly improved the working capital position of the Group, as illustrated by the proforma consolidated balance sheet presented in the Directors Report.

The Group meets its day-to-day working capital requirements through invoice discounting and import finance facilities with HSBC, and addresses its longer term funding needs through term loans. The invoice discounting facility has a rolling three months' notice period, and the import finance and term loan facilities were recently renewed through to April 2015. Based on the longstanding relationship with HSBC, the Directors see no reason why these facilities should not continue indefinitely.

Whilst prevailing economic conditions in the Group's key markets remains a principal risk and uncertainty for the business, the Group has been successful in delivering sustained growth in the order book during the last 12 months, with the order book at March 2014 20% and 75% higher than at September 2013 and March 2013 respectively. This business growth has been achieved in the context of a reduction in total operating cost, including the restructuring of operational and administrative headcount.

The Group's forecasts and financial projections take account of reasonable changes in trading performance and the refinancing and debt restructure described above. Along with reasonable assumptions regarding the renewal of trade finance, these forecasts show that the Group will be able to operate within the level of its facilities.

The Directors have a reasonable expectation that the Group has adequate resources 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.

#### *Basis of consolidation*

The consolidated financial statements incorporate the results of Fox Industrial Holdings Limited and all of its subsidiary undertakings as at 30 September 2013 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition.

#### *Goodwill*

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 20 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition;
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

# Fox Industrial Holdings Limited

## Notes forming part of the financial statements for the year ended 30 September 2013 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Intangible assets*

Finance costs are capitalised gross where they relate to refinancing the business.

#### *Turnover*

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Turnover is recognised when the risks and rewards of ownership have passed to the buyer, which is generally on despatch of the goods.

The prior year turnover and cost of sales have been restated to better reflect the substance of intergroup transactions. This restatement has no effect on gross profit or the loss for that period.

#### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Plant and machinery	- 10-15 years
Motor vehicles	- 4 years
Fixtures and fittings	- 2-10 years
Laboratory/test equipment	- 5 years
Computer hardware	- 4 years

#### *Valuation of investments*

Investments held as fixed assets are stated at cost less any provision for impairment.

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

#### *Foreign currency*

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and the balance sheet translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

All other differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises. Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves.



# Fox Industrial Holdings Limited

## Notes forming part of the financial statements for the year ended 30 September 2013 (continued)

### 1 Accounting policies (continued)

#### Deferred taxation

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 the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

#### Leased assets

Operating lease annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

#### Pension costs

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

### 2 Exceptional item

	Year ended 30 September 2013 £	18 months ended 30 September 2012 £
Redundancy costs	389,918	-

### 3 Turnover

	Year ended 30 September 2013 £	18 months ended 30 September 2012 £
Analysis by geographical market:		
United Kingdom	3,173,589	7,130,724
Europe	4,693,140	10,824,435
North America	648,650	956,063
Rest of the world	1,734,013	2,129,583
	<b>10,249,392</b>	<b>21,040,805</b>

Turnover is wholly attributable to the principal activity of the group.

# Fox Industrial Holdings Limited

Notes forming part of the financial statements  
for the year ended 30 September 2013 (continued)

## 4 Operating loss

	Year ended 30 September 2013 £	18 months ended 30 September 2012 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	70,744	82,462
Amortisation of positive goodwill	13,250	19,875
Amortisation of other intangible fixed assets	28,029	-
Loss/(profit) on disposal of tangible fixed assets	4,162	(52,713)
Hire of plant and machinery - operating leases	104,713	101,126
Hire of other assets - operating leases	325,537	561,501
Fees payable to the company's auditor for the auditing of the company's annual accounts	14,731	36,390
Exchange differences	(17,830)	-
	<u>70,744</u>	<u>82,462</u>

Amounts paid to the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

## 5 Employees

Staff costs (including directors) consist of:

	Group Year ended 30 September 2013 £	Group 18 months ended 30 September 2012 £
Wages and salaries	1,572,139	2,462,944
Social security costs	122,929	247,367
Other pension costs	70,335	113,422
	<u>1,765,403</u>	<u>2,823,733</u>

# Fox Industrial Holdings Limited

Notes forming part of the financial statements  
for the year ended 30 September 2013 (continued)

## 5 Employees (continued)

The average number of employees (including directors) during the year/period was as follows:

	Group Year ended 30 September 2013 Number	Group 18 months ended 30 September 2012 Number
Directors	3	2
Management and administration	25	30
Production	34	37
	<u>62</u>	<u>69</u>

## 6 Directors' remuneration

	Year ended 30 September 2013 £	18 months ended 30 September 2012 £
Directors' emoluments	146,032	-
Company contributions to money purchase pension schemes	9,200	-
	<u>155,232</u>	<u>-</u>

There were 3 directors in the group's defined contribution pension scheme during the year (2012 - nil).

## 7 Interest payable and similar charges

	Year ended 30 September 2013 £	18 months ended 30 September 2012 £
All other loans (excluding loans from group companies)	108,674	141,971
Loans from group companies	14,397	365
Other interest payable	164,344	86,329
	<u>287,415</u>	<u>228,665</u>

# Fox Industrial Holdings Limited

Notes forming part of the financial statements  
for the year ended 30 September 2013 *(continued)*

## 8 Taxation on loss on ordinary activities

	Year ended 30 September 2013 £	18 months ended 30 September 2012 £
<i>UK Corporation tax</i>		
Current tax on profits of the year/period	63	(9,171)
<i>Deferred tax</i>		
Origination and reversal of timing differences	(160,171)	32,882
Adjustment in respect of previous periods	-	17,000
Effect of tax rate change on opening balance	-	17,000
	<u>(160,171)</u>	<u>66,882</u>
Movement in deferred tax provision	(160,171)	66,882
	<u>(160,108)</u>	<u>57,711</u>
Taxation on loss on ordinary activities	<u>(160,108)</u>	<u>57,711</u>

The tax assessed for the year/period is higher than the standard rate of corporation tax in the UK applied to loss before tax. The differences are explained below:

	Year ended 30 September 2013 £	18 months ended 30 September 2012 £
Loss on ordinary activities before tax	(993,436)	(561,598)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 22.00% (2012 - 25.33%)	(218,556)	(142,253)
Effect of:		
Expenses not deductible for tax purposes	469	(7,095)
Capital allowances for period in excess of depreciation	(7,611)	(22,210)
Utilisation of tax losses	-	(6,746)
Tax relating to overseas	-	(10,438)
Chargeable gains	-	8,139
Unrelieved tax losses arising in period	226,325	170,110
Other short term timing differences	(564)	1,322
	<u>63</u>	<u>(9,171)</u>
Current tax charge/(credit) for the year/period	<u>63</u>	<u>(9,171)</u>

# Fox Industrial Holdings Limited

Notes forming part of the financial statements  
for the year ended 30 September 2013 (*continued*)

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## 9 Dividends

	Year ended 30 September 2013 £	18 months ended 30 September 2012 £
Ordinary shares		
Interim paid of £0.15 (2012 - £0.96) per share	15,000	96,000

## 10 Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group loss for the year includes a loss after tax of £8,957 (2012 - £117,959 profit) which is dealt with in the financial statements of the parent company.

# Fox Industrial Holdings Limited

Notes forming part of the financial statements  
for the year ended 30 September 2013 (*continued*)

## 11 Intangible fixed assets

### Group

	Goodwill on consolidation £	Other capitalised finance costs £	Total £
<i>Cost or valuation</i>			
At 1 October 2012	265,001	-	265,001
Additions	-	168,175	168,175
	<hr/>	<hr/>	<hr/>
At 30 September 2013	<b>265,001</b>	<b>168,175</b>	<b>433,176</b>
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At 1 October 2012	41,458	-	41,458
Provided for the year	13,250	28,029	41,279
	<hr/>	<hr/>	<hr/>
At 30 September 2013	<b>54,708</b>	<b>28,029</b>	<b>82,737</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 September 2013	<b>210,293</b>	<b>140,146</b>	<b>350,439</b>
	<hr/>	<hr/>	<hr/>
At 30 September 2012	223,543	-	223,543
	<hr/>	<hr/>	<hr/>

### Company

	Other capitalised finance costs £
<i>Cost or valuation</i>	
Additions and at 30 September 2013	168,175
	<hr/>
<i>Amortisation</i>	
Provided for the year and at 30 September 2013	28,029
	<hr/>
<i>Net book value</i>	
At 30 September 2013	<b>140,146</b>
	<hr/>
At 30 September 2012	-
	<hr/>

# Fox Industrial Holdings Limited

Notes forming part of the financial statements  
for the year ended 30 September 2013 *(continued)*

## 12 Tangible fixed assets

### Group

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost or valuation</i>				
At 1 October 2012	831,670	10,957	148,052	990,679
Additions	14,578	-	25,729	40,307
Disposals	(36,245)	-	-	(36,245)
Exchange adjustments	735	452	1,154	2,341
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2013	<b>810,738</b>	<b>11,409</b>	<b>174,935</b>	<b>997,082</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 October 2012	339,128	10,339	66,226	415,693
Provided for the year	39,994	255	30,495	70,744
Disposals	(12,083)	-	-	(12,083)
Exchange adjustments	221	413	605	1,239
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2013	<b>367,260</b>	<b>11,007</b>	<b>97,326</b>	<b>475,593</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 September 2013	<b>443,478</b>	<b>402</b>	<b>77,609</b>	<b>521,489</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2012	<b>492,542</b>	<b>618</b>	<b>81,826</b>	<b>574,986</b>
	<hr/>	<hr/>	<hr/>	<hr/>

# Fox Industrial Holdings Limited

Notes forming part of the financial statements  
for the year ended 30 September 2013 (*continued*)

## 13 Fixed asset investments

### Company

	Group undertakings £
<i>Cost or valuation</i>	
At 1 October 2012 and 30 September 2013	100,000

### *Subsidiary undertakings, associated undertakings and other investments*

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Country of incorporation or registration	Class of share capital held	Proportion of share capital held	Nature of business
<i>Subsidiary undertakings</i>				
Fox Wire Limited	England and Wales	Ordinary	100%	Wire manufacturer
Fox Wire GmbH (held indirectly)	Germany	Ordinary	100%	Wire distributor

## 14 Stocks

	Group 30 September 2013 £	Group 30 September 2012 £	Company 30 September 2013 £	Company 30 September 2012 £
Raw materials and consumables	340,046	294,166	-	-
Work in progress and finished goods	505,914	439,512	-	-
Finished goods and goods for resale	96,783	99,380	-	-
	<u>942,743</u>	<u>833,058</u>	<u>-</u>	<u>-</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.



# Fox Industrial Holdings Limited

Notes forming part of the financial statements  
for the year ended 30 September 2013 *(continued)*

## 15 Debtors

	Group 30 September 2013 £	Group 30 September 2012 £	Company 30 September 2013 £	Company 30 September 2012 £
Amounts receivable within one year				
Trade debtors	1,664,596	1,992,392	-	-
Amounts owed by group undertakings	-	-	984,512	-
Other debtors	88,857	63,931	-	-
Prepayments and accrued income	203,673	220,761	-	-
	<u>1,957,126</u>	<u>2,277,084</u>	<u>984,512</u>	<u>-</u>
Amounts receivable after more than one year				
Deferred taxation	224,835	64,664	-	-
	<u>2,181,961</u>	<u>2,341,748</u>	<u>984,512</u>	<u>-</u>

	Group Deferred taxation £	Company Deferred taxation £
At 1 October 2012	64,664	-
Credited to profit and loss account	160,171	-
	<u>224,835</u>	<u>-</u>
At 30 September 2013	<u>224,835</u>	<u>-</u>

### *Deferred taxation*

	Group 30 September 2013 £	Group 30 September 2012 £
The amount of deferred tax provided for is as follows:		
Accelerated capital allowances	64,663	64,664
Prior period losses and other deductions	160,172	-
	<u>224,835</u>	<u>64,664</u>

There is approximately £200,000 of further deferred tax asset that is not provided for as there is insufficient evidence for its recovery.

# Fox Industrial Holdings Limited

Notes forming part of the financial statements  
for the year ended 30 September 2013 (continued)

## 16 Creditors: amounts falling due within one year

	Group 30 September 2013 £	Group 30 September 2012 £	Company 30 September 2013 £	Company 30 September 2012 £
Other loans and overdrafts (secured)	662,187	690,804	-	-
Invoice discounting loan	1,243,629	1,107,174	-	-
Trade creditors	2,241,360	2,715,450	-	-
Amounts owed to group undertakings	-	-	-	40,403
Corporation tax	-	18,239	-	-
Other taxation and social security	62,914	42,226	-	-
Other creditors	237,507	76,391	-	600
Accruals and deferred income	128,315	67,680	-	-
	<u>4,575,912</u>	<u>4,717,964</u>	<u>-</u>	<u>41,003</u>

The invoice discounting loan is secured by a charge over trade debtors and the stocks of the company.

Certain trade finance loans are secured on the stocks of the company.

## 17 Creditors: amounts falling due after more than one year

	Group 30 September 2013 £	Group 30 September 2012 £	Company 30 September 2013 £	Company 30 September 2012 £
Shareholders' loans	750,000	-	750,000	-
	<u>750,000</u>	<u>-</u>	<u>750,000</u>	<u>-</u>

## 18 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £70,335 (2012 - £113,422). Contributions amounting to £9,627 (2012 - £7,720) were payable to the fund at the end of the financial year and included in creditors.

# Fox Industrial Holdings Limited

Notes forming part of the financial statements  
for the year ended 30 September 2013 (*continued*)

## 19 Share capital

	30 September 2013 £	30 September 2012 £
<i>Allotted, called up and fully paid</i>		
475,000 Ordinary shares of £1 each	<b>475,000</b>	100,000

During the year 375,000 Ordinary shares of £1 each were issued at par value for cash consideration.

## 20 Reserves

### Group

	Profit and loss account £
At 1 October 2012	(752,614)
Translation differences on foreign currency net investments in subsidiary undertakings	19,669
Loss for the year	(833,328)
Dividends	(15,000)
	<hr/>
At 30 September 2013	<b>(1,581,273)</b>
	<hr/>

### Company

	Profit and loss account £
At 1 October 2012	23,957
Loss for the year	(8,957)
Dividends	(15,000)
	<hr/>
At 30 September 2013	-
	<hr/>

# Fox Industrial Holdings Limited

Notes forming part of the financial statements  
for the year ended 30 September 2013 *(continued)*

## 21 Reconciliation of movements in shareholders' (deficit)/funds

	Group 30 September 2013 £	Group 30 September 2012 £	Company 30 September 2013 £	Company 30 September 2012 £
(Loss)/profit for the year/period	(833,328)	(619,309)	(8,957)	117,959
Dividends	(15,000)	(96,000)	(15,000)	(96,000)
	<u>(848,328)</u>	<u>(715,309)</u>	<u>(23,957)</u>	<u>21,959</u>
Other net recognised gains and losses relating to the year				
- Exchange translation differences on consolidation	19,669	(47,659)	-	-
Issue of shares	375,000	-	375,000	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net (deductions from)/additions to shareholders' (deficit)/funds	(453,659)	(762,968)	351,043	21,959
Opening shareholders' (deficit)/funds	(652,614)	110,354	123,957	101,998
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Closing shareholders' (deficit)/funds	<u>(1,106,273)</u>	<u>(652,614)</u>	<u>475,000</u>	<u>123,957</u>

## 22 Commitments under operating leases

The group had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 30 September 2013 £	Other 30 September 2013 £	Land and buildings 30 September 2012 £	Other 30 September 2012 £
Operating leases which expire:				
Within one year	-	14,236	-	-
In two to five years	-	86,740	-	-
After five years	280,000	-	280,000	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	280,000	100,976	280,000	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

# Fox Industrial Holdings Limited

Notes forming part of the financial statements  
for the year ended 30 September 2013 *(continued)*

## 23 Related party disclosures

### *Controlling parties*

The directors believe there is no one ultimate controlling party

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with its wholly owned subsidiaries.

## 24 Capital commitments

	Group 30 September 2013 £	Group 30 September 2012 £	Company 30 September 2013 £	Company 30 September 2012 £
Contracted but not provided for	-	1,902	-	-

## 25 Post balance sheet events

Subsequent to the balance sheet date the Group secured a £550,000 injection of funding from Finance Yorkshire. Further details are shown in the Directors Report on page 4.

## 26 Reconciliation of operating loss to net cash inflow from operating activities

	Year ended 30 September 2013 £	18 months ended 30 September 2012 £
Operating loss	(706,021)	(332,938)
Amortisation of intangible fixed assets	41,279	19,875
Depreciation of tangible fixed assets	70,744	82,461
Loss on sale of tangible fixed assets	4,162	98,317
(Increase)/decrease in stocks	(109,685)	174,781
Decrease in debtors	319,958	1,736,810
Increase/(decrease) in creditors	518,349	(416,361)
Exchange adjustments	18,568	(41,445)
Net cash inflow from operating activities	157,354	1,321,500

# Fox Industrial Holdings Limited

Notes forming part of the financial statements  
for the year ended 30 September 2013 (*continued*)

## 27 Reconciliation of net cash flow to movement in net debt

	Year ended 30 September 2013 £	18 months ended 30 September 2012 £
Increase/(decrease) in cash	821,796	(238,480)
Cash (outflow)/inflow from changes in debt	(798,642)	1,052,440
Movement in net debt	23,154	813,960
Opening net debt	(1,705,963)	(2,519,923)
Closing net debt	(1,682,809)	(1,705,963)

## 28 Analysis of net debt

	At 1 October 2012 £	Cash flow £	At 30 September 2013 £
Cash at bank and in hand	92,015	130,992	223,007
Bank overdrafts	(690,804)	690,804	-
		821,796	
Debt due within one year	(1,107,174)	(798,642)	(1,905,816)
Total	(1,705,963)	23,154	(1,682,809)