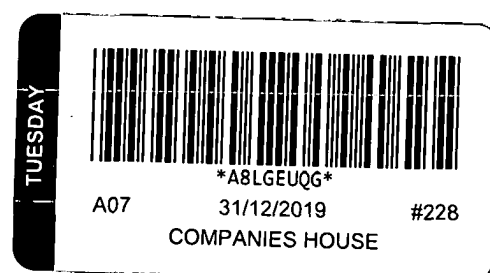

J C PAYNE (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019



J C PAYNE (UK) LIMITED

COMPANY INFORMATION

Directors	M K J Brandrick G J E Brandrick N C Brandrick R L Worrell D L Scorer S J Horrocks (appointed 4 November 2019)
Registered number	06872056
Registered office	Unit 2 Westgate Aldridge Walsall West Midlands WS9 8EX
Independent auditors	RMY Clements Limited Lyndon House 62 Hagley Road Edgbaston Birmingham B16 8PE

J C PAYNE (UK) LIMITED

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J C PAYNE (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Introduction

The principal activity of the company during the year was that of the manufacture of commercial vehicle bodies and related components.

Business review

The directors are satisfied with the company's trading results for the year ended 31 March 2019.

The company has performed well and grown in a challenging marketplace. During the period the company has continued to look to develop and diversify its product portfolio where possible.

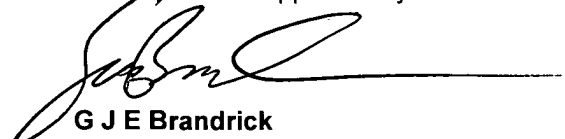
Principal risks and uncertainties

The principal risks facing the company are strong competition, raw material purchase prices and general market conditions. The directors feel that the company is well placed to deal with these risks, but acknowledge that plans for the future growth and development of the company may be conditional on factors not controllable by the business.

Financial key performance indicators

The directors consider key financial performance indicators to be turnover and gross profit margin. We feel that improvements and investments in processes made will improve efficiency and margin, resulting in a position that the directors are happy the company will continue to be profitable in the next financial year.

This report was approved by the board on 23 December 2019 and signed on its behalf.



G J E Brandrick
Director

J C PAYNE (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £537,065 (2018 - £331,509).

The Directors recommended payment of dividends of £1,000,000 (2018 - £308,000) during the period under review.

Directors

The directors who served during the year were:

M K J Brandrick
G J E Brandrick
N C Brandrick
R L Worrell
D L Scorer

Future developments

The directors continue to improve and invest in processes with an aim to improve efficiency and margins.

Several projects remain in the research and development stage and the Directors remain committed to ensuring these can be delivered into the market. The company continues to invest in Research and Development to ensure it remains innovative within the current market.

J C PAYNE (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

Disclosure of information to auditors

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

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

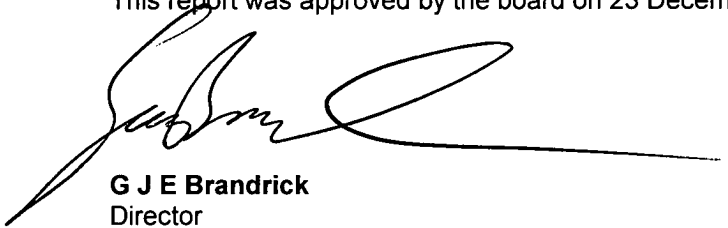
Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, RMY Clements Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 23 December 2019 and signed on its behalf.



G J E Brandrick
Director

J C PAYNE (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF J C PAYNE (UK) LIMITED

Opinion

We have audited the financial statements of J C Payne (UK) Limited (the 'Company') for the year ended 31 March 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

J C PAYNE (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF J C PAYNE (UK) LIMITED (CONTINUED)

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the 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 on page 2, 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.

J C PAYNE (UK) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF J C PAYNE (UK) LIMITED
(CONTINUED)**

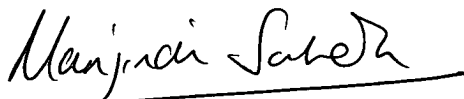
Auditors' responsibilities for the audit of the financial statements

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

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



Manjinder Singh Sahota ACA FCCA CTA (Senior Statutory Auditor)

for and on behalf of
RMY Clements Limited

Lyndon House
62 Hagley Road
Edgbaston
Birmingham
B16 8PE

23 December 2019

J C PAYNE (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
Turnover	4	11,170,015	9,999,599
Cost of sales		(8,605,319)	(7,802,691)
Gross profit		2,564,696	2,196,908
Administrative expenses		(2,157,808)	(1,863,702)
Other operating income	5	282,202	12,802
Operating profit		689,090	346,008
Interest receivable and similar income	8	74	-
Interest payable and expenses	9	(46,499)	(5)
Profit before tax		642,665	346,003
Tax on profit	10	(105,600)	(14,494)
Profit for the financial year		537,065	331,509

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018 - £NIL).

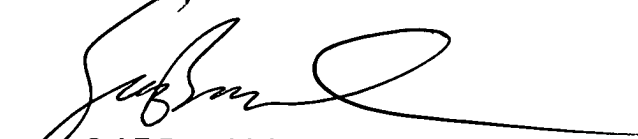
The notes on pages 1 to 28 form part of these financial statements.

J C PAYNE (UK) LIMITED
REGISTERED NUMBER: 06872056

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	12	-	150
Tangible assets	13	107,566	141,173
		<u>107,566</u>	<u>141,323</u>
Current assets			
Stocks	14	932,787	641,542
Debtors: amounts falling due within one year	15	2,734,099	1,587,966
Cash at bank and in hand		466,718	307,244
		<u>4,133,604</u>	<u>2,536,752</u>
Creditors: amounts falling due within one year	16	(3,464,948)	(1,428,117)
Net current assets		<u>668,656</u>	<u>1,108,635</u>
Total assets less current liabilities		<u>776,222</u>	<u>1,249,958</u>
Provisions for liabilities			
Deferred tax	18	(15,404)	(26,205)
		<u>(15,404)</u>	<u>(26,205)</u>
Net assets		<u><u>760,818</u></u>	<u><u>1,223,753</u></u>
Capital and reserves			
Called up share capital	19	100	100
Profit and loss account	20	760,718	1,223,653
		<u>760,818</u>	<u>1,223,753</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 December 2019.


G J E Brandrick
 Director

The notes on pages 11 to 26 form part of these financial statements.

J C PAYNE (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2018	100	1,223,653	1,223,753
Comprehensive income for the year			
Profit for the year	-	537,065	537,065
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	537,065	537,065
Dividends: Equity capital	-	(1,000,000)	(1,000,000)
Total transactions with owners	-	(1,000,000)	(1,000,000)
At 31 March 2019	100	760,718	760,818

The notes on pages 11 to 26 form part of these financial statements.

J C PAYNE (UK) LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2017	100	1,200,144	1,200,244
Comprehensive income for the year			
Profit for the year	-	331,509	331,509
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	331,509	331,509
Dividends: Equity capital	-	(308,000)	(308,000)
Total transactions with owners	-	(308,000)	(308,000)
At 31 March 2018	100	1,223,653	1,223,753

The notes on pages 11 to 26 form part of these financial statements.

J C PAYNE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

The Company is a private company, limited by shares, incorporated and domiciled in England within the United Kingdom.

The Company's registered office is Unit 2 Westgate, Aldridge, Walsall, West Midlands, WS9 8EX.

The principal activity of the company in the period under review was that of the manufacture of commercial vehicle bodies and related components.

The financial statements are presented in sterling which is the functional currency of the company and the financial statements are rounded to the nearest £1.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a high degree of judgment, complexity, or areas where assumptions and estimates are significant to the financial statements, are further explained in note 3 to these financial statements.

Cash flow

Under FRS 102 (section 1), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent company, KLG NV (Aldridge) Limited, includes the company's cash flows in its own published consolidated financial statements. The shareholders of the ultimate parent undertaking, have been notified in writing about the adoption of this exemption, and do not object to the adoption.

The following accounting policies have been applied:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

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

- the Company has transferred the significant risks and rewards of ownership to the buyer, which is at the point where the goods are completed and ready for collection;
- 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.

2.3 Intangible fixed assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life of 10 years.

2.4 Operating leases: Lessee

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

2.5 Government grants

Grants are accounted under the performance model as permitted by FRS 102. Grants are credited to the Statement of comprehensive income at the point when future performance-related conditions are met. The deferred element of grants is included in creditors as deferred income.

2.6 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.7 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.8 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.10 Tangible fixed assets

The 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is no longer recognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

At each balance sheet date, the company reviews the carrying amount of its tangible fixed assets to determine if there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash-generating units to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to the recoverable amount. Any impairment losses are recognised immediately as an expense within the Statement of Comprehensive Income.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant & machinery	- 20%-25% straight line
Office equipment	- 20%-50% straight line

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

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

2.11 Stocks

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

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately, within the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.12 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.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 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.

2.15 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

2.16 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.

2.17 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 debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade 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

J C PAYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.17 Financial instruments (continued)

discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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

In the application of the Company's accounting policies, which are described in note 2 to these financial statements, management is required to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for revenues and expenses during the year. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The following judgments have had the most significant effect on the amounts recognised in the financial statements:

Depreciation

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Residual value and useful life assessments consider issues such as future market conditions, the remaining life of the asset and maintenance programmes.

Impairment

Management assesses the impairment of property, plant and equipment subject to depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that may trigger an impairment review include the following: significant underperformance relative to the historical or projected future operating results; changes in the manner of the use of the acquired assets or the strategy for the overall business; and significant negative industry or economic trends, taking into account market knowledge, professional judgment and historical comparable transactions.

Stock provisions

Stocks are valued in the Balance Sheet after provision for slow moving and/or obsolete stocks. Such provisions take into account judgements of the current and future usage of each item of stock.

Bad debt provisions

Debtors are included in the Balance Sheet net of provision for bad or doubtful debts, based on an assessment of the likely future recoverable value of each debt.

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

J C PAYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

4. Turnover

An analysis of turnover by class of business is as follows:

	2019	2018
	£	£
Truck bodies	9,462,037	9,846,407
Parts, repairs and aftercare	1,707,979	153,192
	<u>11,170,016</u>	<u>9,999,599</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2019	2018
	£	£
Government grants receivable	42,707	12,802
Insurance claims receivable	239,495	-
	<u>282,202</u>	<u>12,802</u>

6. Auditors' remuneration

	2019	2018
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual accounts	13,500	12,570
	<u>13,500</u>	<u>12,570</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

J C PAYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

7. Employees

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	3,199,851	2,525,856
Social security costs	261,183	203,495
Cost of defined contribution scheme	37,438	15,732
	3,498,472	2,745,083

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

	2019 No.	2018 No.
Employees	116	107

8. Interest receivable

	2019 £	2018 £
Other interest receivable	74	-
	74	-

9. Interest payable and similar expenses

	2019 £	2018 £
Other loan interest payable	46,499	5
	46,499	5

J C PAYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	131,556	62,490
Adjustments in respect of previous periods	(15,155)	(53,369)
Total current tax	<u>116,401</u>	<u>9,121</u>
Deferred tax		
Origination and reversal of timing differences	(10,801)	5,373
Total deferred tax	<u>(10,801)</u>	<u>5,373</u>
Taxation on profit on ordinary activities	<u>105,600</u>	<u>14,494</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>642,665</u>	<u>346,003</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	122,106	65,741
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,375	2,222
Depreciation for year in excess of capital allowances	6,549	(5,473)
Adjustments to tax charge in respect of prior periods	(15,155)	(53,369)
Other timing differences leading to an (decrease)/increase in taxation	(10,801)	5,373
Changes in provisions leading to an increase in the tax charge	1,526	-
Total tax charge for the year	<u>105,600</u>	<u>14,494</u>

J C PAYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

10. Taxation (continued)

Factors that may affect future tax charges

Adjustments to the prior year tax charge for the year ended 31 March 2018 relate to the finalisation of research and development claims.

The budget on 8 March 2017 announced the UK corporation tax rate will reduce to 17% for the financial years beginning on 1 April 2020.

This will reduce the company's future current tax charge accordingly.

Deferred tax balances must be recognised at the future tax applicable when the balance is expected to unwind.

11. Dividends

	2019 £	2018 £
Ordinary		
Dividends payable	1,000,000	308,000
	1,000,000	308,000

J C PAYNE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

12. Intangible assets

	Goodwill £
Cost	
At 1 April 2018	1,500
At 31 March 2019	<u>1,500</u>
Amortisation	
At 1 April 2018	1,350
Charge for the year	150
At 31 March 2019	<u>1,500</u>
Net book value	
At 31 March 2019	<u><u>-</u></u>
At 31 March 2018	<u><u>150</u></u>

J C PAYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

13. Tangible fixed assets

	Plant & machinery £	Office equipment £	Total £
Cost or valuation			
At 1 April 2018	167,000	60,140	227,140
Additions	14,739	-	14,739
On transfer of trade from fellow subsidiary	2,000	100	2,100
Disposals	(2,400)	-	(2,400)
At 31 March 2019	<u>181,339</u>	<u>60,240</u>	<u>241,579</u>
Depreciation			
At 1 April 2018	51,196	34,771	85,967
Charge for the year on owned assets	38,879	11,567	50,446
Disposals	(2,400)	-	(2,400)
At 31 March 2019	<u>87,675</u>	<u>46,338</u>	<u>134,013</u>
Net book value			
At 31 March 2019	<u>93,664</u>	<u>13,902</u>	<u>107,566</u>
At 31 March 2018	<u>115,804</u>	<u>25,369</u>	<u>141,173</u>

14. Stocks

	2019 £	2018 £
Raw materials and consumables	692,507	484,645
Work in progress	123,170	156,897
Finished goods and goods for resale	117,110	-
	<u>932,787</u>	<u>641,542</u>

Stock recognised within the Statement of Comprehensive Income during the year was £5,346,804 (2018 - £5,254,976) for the company.

Stock write downs in respect of slow moving items, recognised within the Statement of Comprehensive Income during the year were £Nil (2018 - £Nil) for the company.

J C PAYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

15. Debtors

	2019 £	2018 £
Trade debtors	2,344,235	1,382,852
Other debtors	159,623	100
Prepayments and accrued income	230,241	205,014
	<u>2,734,099</u>	<u>1,587,966</u>

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,122,183	668,215
Amounts owed to group undertakings	1,358,326	100,000
Corporation tax	129,082	9,312
Other taxation and social security	350,665	210,973
Other creditors	359,323	145,506
Accruals and deferred income	145,369	294,111
	<u>3,464,948</u>	<u>1,428,117</u>

17. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at amortised cost	<u>2,970,576</u>	<u>1,889,830</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(2,930,911)</u>	<u>(1,270,736)</u>

Financial assets measured at amortised cost comprise bank and cash balances, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, other creditors and amounts owed to group undertakings.

J C PAYNE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

18. Deferred taxation

	2019 £
At beginning of year	(26,205)
Charged to profit or loss	10,801
At end of year	(15,404)

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	17,322	26,821
Unpaid pension contributions	(1,918)	(616)
	<u>15,404</u>	<u>26,205</u>

19. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
100 (2018 - 100) Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

20. Reserves

Profit & loss account

The profit and loss reserves are all considered distributable.

21. Pension commitments

The company operates a group defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £37,439 (2018 - £15,732). Contributions totalling £11,271 (2018 - £3,241) were payable to the fund at the balance sheet date and are included in creditors.

J C PAYNE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

22. Commitments under operating leases

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	305,290	301,000
Later than 1 year and not later than 5 years	314,505	610,500
	<u>619,795</u>	<u>911,500</u>

23. Related party transactions

During the year the company was charged management charges of £Nil (2018 - £209,500) from a company in which M K J, G J E and N C Brandrick are all directors. As at 31 March 2019, said related company was owed £210,600 (2018 - £175,500) in respect of management charges.

During the year the company was charged staff recharges of £35,400 (2018 - £29,500) and made purchases totalling £217,566 (2018 - £53,033) from another company in which M K J, G J E, and N C Brandrick are all directors. In addition the company made sales of £302,788 (2018 - £105,874) to said related company in the period. As at 31 March 2019, J C Payne (UK) Limited owed £3,540 (2018 - £6,294) in respect of recharged costs, £45,592 (2018 - £Nil) in respect of purchases and was owed £120,795 (2018 - £Nil) in respect of sales made.

All transactions with the above companies were made at arms length.

The company has taken advantage of the exemption in FRS102 (Section 33) 'Related Party Disclosures' not to disclose transactions with other members of the group, on the grounds that it is a wholly owned subsidiary, and consolidated financial statements are prepared by the ultimate parent company.

24. Controlling party

The company's ultimate parent undertaking is KLGNV (Aldridge) Limited, a company registered in England and Wales. A copy of the parent company consolidated accounts can be obtained from Companies House.

Lyndon House, 62 Hagley Road, Edgbaston, Birmingham B16 8PE

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RMV Clements Limited registered in England & Wales No: 09911519. Registered office as above.
RMV Clements is the trading name for RMV Clements Limited. Manjinder Singh Sahota ACA FCCA CTA

Registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales.

