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**J C PAYNE (UK) LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2018**



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**J C PAYNE (UK) LIMITED**

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**COMPANY INFORMATION**

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**Directors** M K J Brandrick  
G J E Brandrick  
N C Brandrick  
R L Worrell  
D L Scorer (appointed 4 January 2018)

**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

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**J C PAYNE (UK) LIMITED**

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## J C PAYNE (UK) LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

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#### 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 2018 with shareholders' funds amounting to circa £1.2 million.

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 19 December 2018 and signed on its behalf.



**G J E Brandrick**  
Director

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## J C PAYNE (UK) LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

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

#### Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 £331,509 (2017 - £573,033).

The Directors recommended payment of dividends of £308,000 (2017: £579,881) 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 (appointed 4 January 2018)

#### 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.

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**J C PAYNE (UK) LIMITED**

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

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**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.

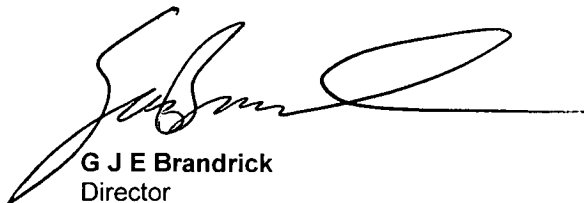
**Post balance sheet events**

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 19 December 2018 and signed on its behalf.



**G J E Brandrick**  
Director

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## J C PAYNE (UK) LIMITED

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

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#### Opinion

We have audited the financial statements of J C Payne (UK) Limited (the 'Company') for the year ended 31 March 2018, 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 2018 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.

#### 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.

#### 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

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## J C PAYNE (UK) LIMITED

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

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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 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.

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**J C PAYNE (UK) LIMITED**

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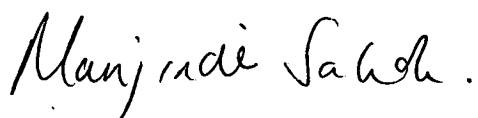
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF J C PAYNE (UK) LIMITED  
(CONTINUED)**

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**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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.



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

19 December 2018

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**J C PAYNE (UK) LIMITED**

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

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	Note	2018 £	2017 £
Turnover	4	9,999,599	10,323,978
Cost of sales		(7,802,691)	(7,636,366)
<b>Gross profit</b>		<b>2,196,908</b>	<b>2,687,612</b>
Administrative expenses		(1,863,702)	(2,101,493)
Other operating income	5	12,802	22,853
<b>Operating profit</b>	6	<b>346,008</b>	<b>608,972</b>
Interest payable and expenses	10	(5)	(1,930)
<b>Profit before tax</b>		<b>346,003</b>	<b>607,042</b>
Tax on profit	11	(14,494)	(34,009)
<b>Profit for the financial year</b>		<b>331,509</b>	<b>573,033</b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

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

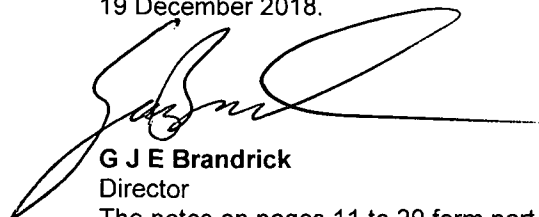
The notes on pages 11 to 29 form part of these financial statements.

**J C PAYNE (UK) LIMITED**  
**REGISTERED NUMBER: 06872056**

**BALANCE SHEET**  
**AS AT 31 MARCH 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	13	150	300
Tangible assets	14	141,173	112,368
		<u>141,323</u>	<u>112,668</u>
<b>Current assets</b>			
Stocks	15	641,542	890,261
Debtors: amounts falling due within one year	16	1,587,966	1,491,905
Cash at bank and in hand		307,244	111,756
		<u>2,536,752</u>	<u>2,493,922</u>
Creditors: amounts falling due within one year	17	(1,428,117)	(1,385,514)
<b>Net current assets</b>		<u>1,108,635</u>	<u>1,108,408</u>
<b>Total assets less current liabilities</b>		<u>1,249,958</u>	<u>1,221,076</u>
<b>Provisions for liabilities</b>			
Deferred tax	19	(26,205)	(20,832)
		<u>(26,205)</u>	<u>(20,832)</u>
<b>Net assets</b>		<u><u>1,223,753</u></u>	<u><u>1,200,244</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	100	100
Profit and loss account	21	1,223,653	1,200,144
		<u><u>1,223,753</u></u>	<u><u>1,200,244</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 December 2018.



**G J E Brandrick**  
 Director

The notes on pages 11 to 29 form part of these financial statements.

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J C PAYNE (UK) LIMITED

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

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

The notes on pages 11 to 29 form part of these financial statements.

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J C PAYNE (UK) LIMITED

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

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2016	100	1,206,992	1,207,092
<b>Comprehensive income for the year</b>			
Profit for the year	-	573,033	573,033
<b>Total comprehensive income for the year</b>	-	573,033	573,033
Dividends: Equity capital	-	(579,881)	(579,881)
<b>At 31 March 2017</b>	<b>100</b>	<b>1,200,144</b>	<b>1,200,244</b>

The notes on pages 11 to 29 form part of these financial statements.

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## J C PAYNE (UK) LIMITED

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

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#### 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 2018

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**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.

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

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**2. Accounting policies (continued)**

**2.4 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.

**2.5 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 2018**

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**2. Accounting policies (continued)**

**2.6 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.

**2.7 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.

**2.8 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, 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 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.

**2.9 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.

**2.10 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

**2.11 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.

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## J C PAYNE (UK) LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.12 Dividends

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

##### 2.13 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.

##### 2.14 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.

##### 2.15 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.

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J C PAYNE (UK) LIMITED

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

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2. Accounting policies (continued)

2.17 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 2018

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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 excess 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.

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**J C PAYNE (UK) LIMITED**

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

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**4. Turnover**

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

	2018 £	2017 £
Truck bodies	9,846,407	10,132,126
Parts and repairs	153,192	191,852
	<u>9,999,599</u>	<u>10,323,978</u>

All turnover arose within the United Kingdom.

**5. Other operating income**

	2018 £	2017 £
Government grants receivable	12,802	22,853
	<u>12,802</u>	<u>22,853</u>

**6. Operating profit**

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	23,067	22,793
Amortisation of intangible assets, including goodwill	150	150
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	12,570	10,414
Defined contribution pension cost	15,732	13,789
	<u>41,519</u>	<u>47,136</u>

**7. Auditors' remuneration**

	2018 £	2017 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	12,570	10,414
	<u>12,570</u>	<u>10,414</u>

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J C PAYNE (UK) LIMITED

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

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**8. Employees**

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

	2018 £	2017 £
Wages and salaries	2,525,856	2,676,286
Social security costs	203,495	182,452
Cost of defined contribution scheme	15,732	13,789
	<u>2,745,083</u>	<u>2,872,527</u>

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

	2018 No.	2017 No.
Employees	<u>107</u>	<u>102</u>

**9. Directors' remuneration**

	2018 £	2017 £
Directors' emoluments	-	3,451
	<u>-</u>	<u>3,451</u>

Directors' are considered to be the key management of the company.

**10. Interest payable and similar expenses**

	2018 £	2017 £
Bank interest payable	-	999
Other loan interest payable	5	931
	<u>5</u>	<u>1,930</u>

**J C PAYNE (UK) LIMITED**

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

**11. Taxation**

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	62,490	117,766
Adjustments in respect of previous periods	(53,369)	(89,915)
<b>Total current tax</b>	<u>9,121</u>	<u>27,851</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	5,373	6,158
<b>Total deferred tax</b>	<u>5,373</u>	<u>6,158</u>
<b>Taxation on profit on ordinary activities</b>	<u>14,494</u>	<u>34,009</u>

**Factors affecting tax charge for the year**

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

	2018 £	2017 £
Profit on ordinary activities before tax	<u>346,003</u>	<u>607,042</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	65,741	121,408
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,222	3,582
Capital allowances for year in excess of depreciation	(5,473)	(1,066)
Adjustments to tax charge in respect of prior periods	(53,369)	(89,915)
Other timing differences leading to an increase (decrease) in taxation	5,373	-
<b>Total tax charge for the year</b>	<u>14,494</u>	<u>34,009</u>

**Factors that may affect future tax charges**

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**J C PAYNE (UK) LIMITED**

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

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**11. Taxation (continued)**

Adjustments to the prior year tax charge in the year ended 31 March 2018 relate to the finalisation of research and development claims for the financial year ended 31 March 2017.

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.

**12. Dividends**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Ordinary</b>		
Dividends payable	<b>308,000</b>	<b>579,881</b>
	<b>308,000</b>	<b>579,881</b>

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J C PAYNE (UK) LIMITED

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

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13. Intangible assets

	Goodwill £
<b>Cost</b>	
At 1 April 2017	1,500
At 31 March 2018	<u>1,500</u>
<b>Amortisation</b>	
At 1 April 2017	1,200
Charge for the year	150
At 31 March 2018	<u>1,350</u>
<b>Net book value</b>	
At 31 March 2018	<u>150</u>
At 31 March 2017	<u>300</u>

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J C PAYNE (UK) LIMITED

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

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14. Tangible fixed assets

	Plant & machinery £	Office equipment £	Total £
<b>Cost or valuation</b>			
At 1 April 2017	117,158	58,110	175,268
Additions	49,842	2,030	51,872
At 31 March 2018	167,000	60,140	227,140
<b>Depreciation</b>			
At 1 April 2017	39,640	23,260	62,900
Charge for the year on owned assets	11,556	11,511	23,067
At 31 March 2018	51,196	34,771	85,967
<b>Net book value</b>			
At 31 March 2018	115,804	25,369	141,173
At 31 March 2017	77,518	34,850	112,368

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J C PAYNE (UK) LIMITED

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

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15. Stocks

	2018 £	2017 £
Raw materials and consumables	484,645	520,735
Work in progress	156,897	369,526
	<u>641,542</u>	<u>890,261</u>

Stock recognised as an income, within the Statement of Comprehensive Income during the year was £5,006,256 (2017: £4,980,014) for the company.

Stock write downs in respect of slow moving items, recognised within the Statement of Comprehensive Income during the year were £Nil (2017: £Nil) for the company.

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J C PAYNE (UK) LIMITED

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

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16. Debtors

	2018 £	2017 £
Trade debtors	1,382,852	1,010,123
Amounts owed by group undertakings	-	308,000
Other debtors	100	100
Prepayments and accrued income	205,014	173,680
	<u>1,587,966</u>	<u>1,491,903</u>

17. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	668,215	834,929
Amounts owed to group undertakings	100,000	-
Corporation tax	9,312	24,297
Other taxation and social security	210,973	99,916
Other creditors	145,506	112,094
Accruals and deferred income	294,111	314,279
	<u>1,428,117</u>	<u>1,385,515</u>

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J C PAYNE (UK) LIMITED

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

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18. Financial instruments

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	1,889,830	1,658,335
	<u>1,889,830</u>	<u>1,658,335</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(1,270,736)	(1,149,208)
	<u>(1,270,736)</u>	<u>(1,149,208)</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 and other creditors.

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J C PAYNE (UK) LIMITED

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

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19. Deferred taxation

	2018 £
At beginning of year	20,832
Charged to profit or loss	5,373
<b>At end of year</b>	<b>26,205</b>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	26,821	21,350
Unpaid pension contributions	(616)	(518)
	<b>26,205</b>	<b>20,832</b>

20. Share capital

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	100	100

21. Reserves

**Profit & loss account**

The profit and loss reserves are all considered distributable.

22. 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 £15,732 (2017 - £13,789). Contributions totalling £3,241 (2017 - £2,713) were payable to the fund at the balance sheet date and are included in creditors.

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**J C PAYNE (UK) LIMITED**

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

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**23. Commitments under operating leases**

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

	2018 £	2017 £
<b>Land &amp; Buildings</b>		
Not later than 1 year	301,000	501,000
Later than 1 year and not later than 5 years	911,500	2,411,500
	<u>1,212,500</u>	<u>2,912,500</u>

**24. Related party transactions**

During the year the company was charged management charges of £209,500 (2017 - £200,000) from a company in which M K J, G J E and N C Brandrick are all directors. As at 31 March 2018, said related company was owed £175,500 (2017 - £200,000) in respect of management charges.

During the year the company was charged staff recharges of £29,500 (2017 - £26,550) and made purchases totalling £53,033 (2017 - £154,420) 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 £105,874 (2017 - £39,625) to said related company in the period. As at 31 March 2018 J C Payne (UK) Limited owed £6,294 (2017 - £Nil) in respect of recharged costs, £Nil (2017 - £Nil) in respect of purchases and was owed £Nil (2017 - £Nil) in respect of sales made.

During the year the company made purchases totalling £20,941 (2017 - £26,644) from another company in which M K J, G J E, and N C Brandrick are all directors. In addition the company recharged costs of £14,545 (2017 - £20,773) to said related company in the period. As at 31 March 2018, J C Payne (UK) Limited owed £Nil (2017 - £Nil) in respect of purchases and was owed £247 (2017 - £150) in respect of recharges.

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.

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**J C PAYNE (UK) LIMITED**

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

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**25. Controlling party**

The company's ultimate parent undertaking is KLG NV (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.

