Fruehauf Ltd

Registered number: 07176536

Directors' report and financial statements

For the year ended 30 September 2016

FRUEHAUF LTD

COMPANY INFORMATION

Directors	I U McKeand (appointed 19 July 2016) D J Snodin J J Swift
Registered number	07176536
Registered office	Invicta Works Houghton Road Grantham NG31 6JE
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor Mazars House Gelderd Road Gildersome Leeds LS27 7JN

FRUEHAUF LTD

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2016

Introduction

The directors present their strategic report for the year ended 30 September 2016.

Business review

The principal activity of the company is the manufacture of tipping trailers and bodies for commercial vehicles.

This was a year of consolidation for the company, with uncertainty in the agricultural sector following the vote to leave the EU. The company has strengthened its position for the future through diversification, by targeting niche markets and offering total solutions as opposed to standard products. Additionally, the company now offers an in-house repairs service which is seeing increasing demand.

The company continues to make significant investment in product development to take advantage of opportunities offered by the introduction of new environmental and health and safety legislation.

Key Performance Indicators

Management use a range of performance measures to monitor and manage the business. The performance measures are split into financial key performance indicators as set out below.

	2016 (£'000)	2015 (£'000)
Turnover	24,304	38,139
Gross profit	4,844	7,440
Gross profit margin	*19.9%*	*19.5%*
Operating profit (before exceptionals)	368	2,135

Exceptional Item

During the year to 30 September 2016 one of the company employees sadly died as a result of an accident at work. As a result the Health and Safety Executive (HSE) as part of their normal procedures have carried out an investigation and may well levy a fine on the company. The investigation has noted all the positive action that the company takes in relation to health and safety before and after the unfortunate accident. The directors have also taken advice in connection with any potential fine that might be levied on the company. In order to be completely transparent the board have incorporated a potential liability in respect of the potential fine of £550,000. It is believed that this is the maximum level of any fine and that any amount could be substantially less.

In addition it has been made clear to the directors that it is HSE custom and practice that the payment profile of any potential fine needs to fit the company's ability to pay without prejudicing the going concern nature of the business. As a result whilst the liability incorporated in these accounts is shown as a liability due within one year it is very probable that any amount ultimately due can be settled over a significantly longer period.

The directors have taken all of the above into account in assessing future financing requirements etc and are of the view that these accounts show the worst case scenario.

Principal risks and uncertainties

The Board of Directors meets regularly and formally review the principal risks facing the business.

Objectives and policies

The company has established a risk and financial management framework whose primary objectives are to ensure sufficient working capital exists and to monitor the management risk.

Price risk, credit risk, liquidity risk and cash flow risk

The company's principal financial assets are trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. These credit limits are reviewed regularly by the directors together with aged debtors and collection history.

The company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The company's policy throughout the year has been to achieve this objective through the day to day involvement of management in business decisions rather than setting maximum or minimum liquidity ratios.

This report was approved by the board on 26th July 2017 and signed on its behalf.

D J Snodin
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2016

The directors present their report and the financial statements for the year ended 30 September 2016.

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 loss for the year, after taxation, amounted to £515,091 (2015 - profit £1,773,336).

Directors

The directors who served during the year were:

I U McKeand (appointed 19 July 2016)
D J Snodin
J J Swift

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Post balance sheet events

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

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 26th July 2017 and signed on its behalf.

D J Snodin
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRUEHAUF LTD

We have audited the financial statements of Fruehauf Ltd for the year ended 30 September 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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).

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page , 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 Auditing Practices Board's Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRUEHAUF LTD

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, 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.

J. C. Holroyd

John C Holroyd (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Mazars House
Gelderd Road
Gildersome
Leeds
LS27 7JN

Date: 26th July 2017

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Note	2016 £	As restated 2015 £
Turnover	4	24,304,184	38,139,439
Cost of sales		(19,460,336)	(30,699,718)
Gross profit		4,843,848	7,439,721
Administrative expenses		(4,475,480)	(5,304,471)
Exceptional administrative expenses	11	(550,000)	-
Operating (loss)/profit	5	(181,632)	2,135,250
Interest receivable and similar income	8	115	-
Interest payable and expenses	9	(333,574)	(359,635)
(Loss)/profit before tax		(515,091)	1,775,615
Tax on (loss)/profit	10	-	(2,279)
(Loss)/profit for the year		(515,091)	1,773,336

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2016 (2015:£NIL).

The notes on pages 10 to 26 form part of these financial statements.

BALANCE SHEET
AS AT 30 SEPTEMBER 2016

	Note		2016 £		As restated 2015 £
Fixed assets					
Intangible assets	12		140,121		122,028
Tangible assets	13		1,105,344		1,093,805
			1,245,465		1,215,833
Current assets					
Stocks	14	2,903,026		2,581,189	
Debtors: amounts falling due within one year	15	6,048,338		7,482,075	
Cash at bank and in hand	16	621,098		864,609	
		9,572,462		10,927,873	
Creditors: amounts falling due within one year	17	(8,245,234)		(9,690,516)	
Net current assets			1,327,228		1,237,357
Total assets less current liabilities			2,572,693		2,453,190
Creditors: amounts falling due after more than one year	18		(934,932)		(300,338)
Net assets			1,637,761		2,152,852
Capital and reserves					
Called up share capital	22		100		100
Profit and loss account	23		1,637,661		2,152,752
			1,637,761		2,152,852

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

26th July 2017

D J Snodin
Director

The notes on pages 10 to 26 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2015 (as previously stated)	100	2,162,339	2,162,439
Prior year adjustment	-	(9,587)	(9,587)
At 1 October 2015 (as restated)	100	2,152,752	2,152,852
Loss for the year	-	(515,091)	(515,091)
At 30 September 2016	100	1,637,661	1,637,761

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2014	100	379,416	379,516
Profit for the year	-	1,773,336	1,773,336
At 30 September 2015	100	2,152,752	2,152,852

The notes on pages 10 to 26 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 28.

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 (see note 3).

The following principal accounting policies have been applied:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Red Circle Investments Limited as at 30 September 2016 and these financial statements may be obtained from the company's registered office.

1.3 Going concern

The directors have prepared financial projections which, based on their knowledge at the date of approval of these financial statements, demonstrate that the company can continue to trade for the foreseeable future and have therefore prepared the financial statements on a going concern basis. The directors have considered a period in excess of twelve months from the date of approval of these financial statements in making their assessment.

1.4 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

1. Accounting policies (continued)

1.5 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;
- 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.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

1.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

1. Accounting policies (continued)

1.7 *Tangible fixed assets (continued)*

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.

The estimated useful lives range as follows:

Plant & machinery	- 5 - 10 years
Motor vehicles	- 4 years
Computer equipment	- 3 years

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.

1.8 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 in profit or loss.

1.9 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.

1.10 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.

1. Accounting policies (continued)

1.11 Financial instruments

The Company only enters into basic financial instruments 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 case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

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

1.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1. Accounting policies (continued)

1.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

1.14 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.15 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1. Accounting policies (continued)

1.16 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.

1.17 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.

1.18 Interest income

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

1.19 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

1.20 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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

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

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

1. Accounting policies (continued)

1.21 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

1.22 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2. General information

Fruehauf Ltd (the "company") is a private company limited by shares and registered in England & Wales (Number: 07176536). Its registered office is Invicta Works, Houghton Road, Grantham, NG31 6JE.

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

Critical judgements in applying the Company's accounting policies

The critical judgements that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairments to assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability and where applicable, the ability of the asset to be operated as planned. There have been no indicators of impairments identified during the current financial year.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Determining the stage of completion and profitability of contracts in progress

The Company determines the stage of completion of work in progress and the revenue and profit or loss attributable to the financial year based on historic financial information available and also forecast information regarding expectations about future performance to completion of the contracts and therefore requires estimates and assumptions to be used by management.

(ii) Recoverability of receivables

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors have considered factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

(iii) Determining residual values and useful economic lives of tangible and intangible assets

The Company depreciates tangible assets, and amortises intangible assets, over their estimated useful lives. The estimation of the useful lives of tangible assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied. The estimation of useful lives of intangible assets is based on any contractual or legal rights associated with the asset, or the period in which the Company expects to use the asset if shorter. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is also applied, when determining the residual values for fixed assets. When determining the residual value, the directors have assessed the amount that the Company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful life. Where possible this is done with reference to external market prices.

4. Turnover

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

	2016 £	2015 £
Manufacture of tippers	24,304,184	38,139,439

All turnover arose within the United Kingdom.

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting):

	2016 £	As restated 2015 £
Exceptional items	550,000	-
Depreciation of tangible fixed assets	197,204	128,521
Amortisation of intangible assets, including goodwill	17,061	17,061
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	10,000	4,900
Exchange differences	(21,112)	(23,616)
Other operating lease rentals	247,012	236,857
Defined contribution pension cost	36,777	32,590

During the year, no director received any emoluments (2015 - £NIL).

6. Auditor's remuneration

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	10,000	4,900

7. Employees

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	4,917,353	7,000,129
Social security costs	412,514	700,430
Cost of defined contribution scheme	36,777	32,590
	5,366,644	7,733,149

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

	2016 No.	2015 No.
Production	135	133
Administration and support	29	38
	164	171

8. Interest receivable

	2016 £	2015 £
Other interest receivable	115	-
	115	-

9. Interest payable and similar charges

	2016 £	2015 £
Bank loan interest payable	40,237	-
Other loan interest payable	266,981	342,499
Finance leases and hire purchase contracts	26,356	17,136
	333,574	359,635

10. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	-	2,279
Total current tax	-	2,279

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
(Loss)/profit on ordinary activities before tax	(515,091)	1,775,615
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	(103,018)	355,123
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	111,519	-
Utilisation of tax losses	(8,501)	(352,844)
Total tax charge for the year	-	2,279

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Exceptional items

	2016 £	2015 £
Exceptional items	550,000	-

The company is currently defending a claim in connection with Health & Safety Regulations that related to an event in the year ended 30 September 2016. The directors' best estimate of the likely economic outflow at the balance sheet date amounted to £550,000.

12. Intangible assets

	Development £
Cost	
At 1 October 2015	150,520
Additions	35,154
At 30 September 2016	185,674
Amortisation	
At 1 October 2015	28,492
Charge for the year	17,061
At 30 September 2016	45,553
Net book value	
At 30 September 2016	140,121
At 30 September 2015	122,028

13. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation				
At 1 October 2015	1,042,855	3,100	209,531	1,255,486
Additions	105,693	85,026	18,024	208,743
At 30 September 2016	1,148,548	88,126	227,555	1,464,229
Depreciation				
At 1 October 2015	139,319	3,100	19,262	161,681
Charge for the year on owned assets	-	13,122	24,952	38,074
Charge for the year on financed assets	159,130	-	-	159,130
At 30 September 2016	298,449	16,222	44,214	358,885
Net book value				
At 30 September 2016	850,099	71,904	183,341	1,105,344
At 30 September 2015	903,536	-	190,269	1,093,805

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

	2016 £	2015 £
Plant and machinery	850,099	903,536

14. Stocks

	2016 £	2015 £
Raw materials and consumables	2,903,026	2,581,189

Stock recognised in cost of sales during the year as an expense was £13,957,388 (2015 - £22,825,902).

15. Debtors

	2016 £	As restated 2015 £
Trade debtors	2,509,651	3,742,738
Amounts owed by group undertakings	3,344,896	3,591,972
Other debtors	32,856	29,602
Prepayments and accrued income	160,935	117,763
	6,048,338	7,482,075

16. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	621,098	864,609

17. Creditors: Amounts falling due within one year

	2016 £	As restated 2015 £
Bank loans	300,000	-
Other loans	1,700,000	1,862,315
Trade creditors	4,048,530	5,751,428
Corporation tax	-	2,279
Other taxation and social security	939,761	830,305
Obligations under finance leases	121,273	106,676
Other creditors	111,245	155,436
Accruals and deferred income	1,024,425	982,077
	8,245,234	9,690,516

Bank loans falling due within one year of £300,000 (2015 - £nil) are secured by way of a fixed and floating charge in favour of Barclays Bank plc.

Obligations under finance leases are secured on plant and machinery.

Other loans of £1,700,000 (2015 - £nil) are secured by way of a fixed and floating charge in favour of Lion House Portfolio Limited.

A fixed and floating charge dated 4 February 2016 in favour of Barclays Bank plc is held over all property and assets of the company.

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

	2016 £	2015 £
Bank loans	725,000	-
Net obligations under finance leases	209,932	300,338
	934,932	300,338

Secured loans

Bank loans falling due after more than one year of £725,000 (2015 - £nil) are secured by way of a fixed and floating charge in favour of Barclays Bank plc.

Obligations under finance leases are secured on plant and machinery.

19. Loans

Analysis of the maturity of loans is given below:

	2016 £	2015 £
Amounts falling due within one year		
Bank loans	300,000	-
Other loans	1,700,000	1,862,315
Amounts falling due 1-2 years		
Bank loans	300,000	-
Amounts falling due 2-5 years		
Bank loans	425,000	-
	2,725,000	1,862,315

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2016 £	2015 £
Within one year	121,273	106,676
Between 1-2 years	123,830	121,273
Between 2-5 years	86,102	179,065
	331,205	407,014

21. Deferred taxation

The company has not recognised a deferred tax asset or liability at 30 September 2016 or 30 September 2015. The company does have timing differences relating to accelerated capital allowances amounting to approximately £170,000. In the opinion of the directors, this liability can be offset in full against losses available to the company through Research & Development tax claims which are in progress at the date of approval of these financial statements.

22. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

23. Reserves

Profit & loss account

All profits shown are distributable reserves.

24. Prior year adjustments

In the previous year's financial statements, the company had been incorrectly recognising goodwill with a cost of £613,500. This amount has been restated as amounts due from fellow group undertakings. This restatement has not impacted net assets.

Further adjustments have been made to increase opening reserves and net assets to reverse the effect of accumulated amortisation of £99,738 which had been charged to comprehensive income in connection with the above for periods prior to 30 September 2015 and the profit previously shown for the year ended 30 September 2015 has increased by £30,675.

In addition to the above the directors are of the opinion that a provision should have been provided in the company's financial statements to 30 September 2015 of £140,000 to recognise a liability for payroll taxes due to HM Revenue & Customs. At the date of approval of those financial statements it was deemed probable that a liability would arise from an ongoing enquiry.

The profit previously shown for the year ended 30 September 2015 has decreased by £109,325.

25. Pension commitments

The company operates a defined contribution 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 £36,777 (2015 - £32,590). Contributions totalling £7,459 (2015 - £11,099) were payable to the fund at the balance sheet date

26. Related party transactions

The company has taken advantage of the exemptions available under FRS102 not to disclose transactions with any of its group members as they are included in the ultimate parent undertakings consolidated financial statements which are publicly available.

Lion House Management Consultancy DWC-LLC is a company of which Mr I U Mckeand is a director and shareholder. Interest payable on loans advanced from this company amounted to £266,981 (2015 - £340,167).

During the year the company paid total consultancy fees of £540,000 (2015 - £540,000) to Mr I U McKeand (director) and D J Snodin Limited, a company controlled by Mr D J Snodin (director).

Amounts due (to)/from related parties at the balance sheet date are shown below:

	2016 £	2015 £
Lion House Management Consultancy DWC-LLC	(1,700,000)	(1,700,000)

27. Controlling party

The company's ultimate parent undertaking is Red Circle Investments Limited.

The ultimate controlling party is Mr I U McKeand (director).

The results of the company and its subsidiary undertakings are included in the consolidated financial statements of Red Circle Investments Limited, a company incorporated in England & Wales. Therefore these financial statements present information about the company and not its group.

28. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.