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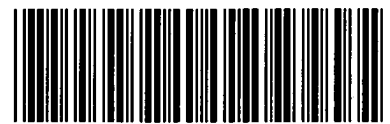
Fruehauf Ltd

Registered number: 07176536

Annual report and financial statements

For the year ended 30 September 2017

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FRUEHAUF LTD

COMPANY INFORMATION

Directors	I U McKeand 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

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FRUEHAUF LTD

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

Introduction

The directors present their strategic report for the year ended 30 September 2017.

Business review

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

With continuing uncertainty in the agricultural sector following the vote to leave the EU the company has continued to strengthen its position for the future through diversification, by targeting niche markets and offering total solutions in addition to standard products. The company also offers an in-house repairs service which continues to see strong 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.

	2017 (£'000)	2016 (£'000)
Turnover	23,996	24,304
Gross profit	4,610	4,844
Gross profit margin	19.2%	19.9%
Operating profit/(loss)	617	(182)

FRUEHAUF LTD

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2017

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 5 June 2018 and signed on its behalf.



D J Snodin
Director

FRUEHAUF LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

The directors present their report and the financial statements for the year ended 30 September 2017.

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 £249,060 (2016 - loss £515,091).

FRUEHAUF LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

Directors

The directors who served during the year were:

I U McKeand
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  5 June 2018 and signed on its behalf.

D J Snodin
Director

FRUEHAUF LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRUEHAUF LTD

Opinion

We have audited the financial statements of Fruehauf Ltd (the 'company') for the year ended 30 September 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 30 September 2017 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of the audit report

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

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.

FRUEHAUF LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRUEHAUF LTD

Other information

The directors are responsible for the other information. The other information comprises the information the Strategic Report and the Directors' Report, other than the financial statements and our auditor's 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and 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 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 specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

FRUEHAUF LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRUEHAUF LTD

Responsibilities of Directors

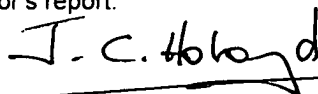
As explained more fully in the directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's report.



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: 5 June 2018 .

FRUEHAUF LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	23,996,323	24,304,184
Cost of sales		(19,369,827)	(19,460,336)
Gross profit		<u>4,626,496</u>	<u>4,843,848</u>
Administrative expenses		(4,359,385)	(4,475,480)
Exceptional administrative expenses	11	350,000	(550,000)
Operating profit/(loss)	5	<u>617,111</u>	<u>(181,632)</u>
Interest receivable and similar income	8	-	115
Interest payable and expenses	9	(368,051)	(333,574)
Profit/(loss) before tax		<u>249,060</u>	<u>(515,091)</u>
Tax on profit/(loss)	10	-	-
Profit/(loss) for the financial year		<u><u>249,060</u></u>	<u><u>(515,091)</u></u>

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 11 to 28 form part of these financial statements.

FRUEHAUF LTD
REGISTERED NUMBER: 07176536

BALANCE SHEET
AS AT 30 SEPTEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	12	135,814	140,121
Tangible assets	13	1,013,076	1,105,344
		<u>1,148,890</u>	<u>1,245,465</u>
Current assets			
Stocks	14	3,614,612	2,903,026
Debtors: amounts falling due within one year	15	5,409,963	6,048,338
Cash at bank and in hand	16	381,090	621,098
		<u>9,405,665</u>	<u>9,572,462</u>
Creditors: amounts falling due within one year	17	(8,136,781)	(8,245,234)
Net current assets		<u>1,268,884</u>	<u>1,327,228</u>
Total assets less current liabilities		<u>2,417,774</u>	<u>2,572,693</u>
Creditors: amounts falling due after more than one year	18	(530,953)	(934,932)
Net assets		<u><u>1,886,821</u></u>	<u><u>1,637,761</u></u>
Capital and reserves			
Called up share capital	23	100	100
Profit and loss account	24	1,886,721	1,637,661
		<u><u>1,886,821</u></u>	<u><u>1,637,761</u></u>

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

5 June 2018

D J Snodin
Director

The notes on pages 11 to 28 form part of these financial statements.

FRUEHAUF LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	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)
	<hr/>	<hr/>	<hr/>
At 1 October 2015 (as restated)	100	2,152,752	2,152,852
	<hr/>	<hr/>	<hr/>
Loss for the year	-	(515,091)	(515,091)
	<hr/>	<hr/>	<hr/>
At 1 October 2016	100	1,637,661	1,637,761
	<hr/>	<hr/>	<hr/>
Profit for the year	-	249,060	249,060
	<hr/>	<hr/>	<hr/>
At 30 September 2017	<hr/> <hr/> 100	<hr/> <hr/> 1,886,721	<hr/> <hr/> 1,886,821

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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.

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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Red Circle Investments Limited as at 30 September 2017 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

1. Accounting policies (continued)

1.11 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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.

FRUEHAUF LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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 and principal place of trading is
Invicta Works,
Houghton Road,
Grantham,
NG31 6JE.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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.

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**NOTES TO THE FINANCIAL STATEMENTS
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4. Turnover

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

	2017 £	2016 £
Manufacture of tippers	23,996,323	24,304,184

All turnover arose within the United Kingdom.

5. Operating profit/(loss)

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

	2017 £	2016 £
Depreciation of tangible fixed assets	245,010	197,204
Amortisation of intangible assets, including goodwill	19,183	17,061
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	12,000	10,000
Exchange differences	42,839	(21,112)
Other operating lease rentals	222,793	247,012
Defined contribution pension cost	35,467	36,777

6. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	12,000	10,000

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**NOTES TO THE FINANCIAL STATEMENTS
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7. Employees

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	4,754,665	4,917,353
Social security costs	401,937	412,514
Cost of defined contribution scheme	35,467	36,777
	<u>5,192,069</u>	<u>5,366,644</u>

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

	2017 No.	2016 No.
Production	121	135
Administration and support	28	29
	<u>149</u>	<u>164</u>

The directors of the business are considered to be the key management personnel for the purposes of the FRS 102 required disclosure. The directors of the business have been remunerated on a consultancy basis, and hence, are not employees of the company. Details of their remuneration for the year ended 30 September 2017 are disclosed within the related party transactions note within these financial statements.

8. Interest receivable

	2017 £	2016 £
Other interest receivable	-	115
	<u>-</u>	<u>115</u>

9. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	47,966	40,237
Other loan interest payable	293,250	266,981
Finance leases and hire purchase contracts	26,835	26,356
	<u>368,051</u>	<u>333,574</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

10. Taxation

	2017 £	2016 £
Total current tax	-	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - higher than) the standard rate of corporation tax in the UK of 19.5% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit/(loss) on ordinary activities before tax	249,060	(515,091)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.5% (2016 - 20%)	48,567	(103,018)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(29,930)	111,519
Utilisation of tax losses	(26,129)	(8,501)
Other differences leading to an increase/(decrease) in the tax charge	7,492	-
Total tax charge for the year	-	-

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 17% (effective from 1 April 2020) was substantively enacted in September 2016 and has therefore been considered when calculating deferred tax at reporting date. Deferred tax balances at the reporting date are measured at 17% (2016: 17%) (see note 22).

FRUEHAUF LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

11. Exceptional item

	2017 £	2016 £
Exceptional item	-	550,000
Overprovision in prior year	(350,000)	-
	<u>(350,000)</u>	<u>550,000</u>

The company was the subject of a claim in connection with Health & Safety Regulations that related to an event in the year ended 30 September 2016. At the time of approving the 2016 financial statements the directors' best estimate of the likely economic outflow was £550,000. During the year ended 30 September 2017 the case was concluded and the actual financial penalty was £200,000. The overprovision of £350,000 is therefore released in these 2017 financial statements.

12. Intangible assets

	Research & Development £
Cost	
At 1 October 2016	185,674
Additions	18,713
Disposals	(3,935)
At 30 September 2017	<u>200,452</u>
Amortisation	
At 1 October 2016	45,553
Charge for the year	19,183
On disposals	(98)
At 30 September 2017	<u>64,638</u>
Net book value	
At 30 September 2017	<u>135,814</u>
At 30 September 2016	<u>140,121</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Computer equipment £	Total £
Cost				
At 1 October 2016	1,148,548	88,126	227,555	1,464,229
Additions	126,906	25,835	-	152,741
At 30 September 2017	<u>1,275,454</u>	<u>113,961</u>	<u>227,555</u>	<u>1,616,970</u>
Depreciation				
At 1 October 2016	298,449	16,222	44,214	358,885
Charge for the year on owned assets	100,542	22,244	32,667	155,453
Charge for the year on financed assets	78,440	-	11,116	89,556
At 30 September 2017	<u>477,431</u>	<u>38,466</u>	<u>87,997</u>	<u>603,894</u>
Net book value				
At 30 September 2017	<u>798,023</u>	<u>75,495</u>	<u>139,558</u>	<u>1,013,076</u>
At 30 September 2016	<u>850,099</u>	<u>71,904</u>	<u>183,341</u>	<u>1,105,344</u>

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

	2017 £	2016 £
Plant and machinery	<u>431,212</u>	<u>500,116</u>

14. Stocks

	2017 £	2016 £
Raw materials and consumables	<u>3,614,612</u>	<u>2,903,026</u>

Stock purchases recognised in cost of sales during the year as an expense was £14,044,202 (2016 - £13,957,388).

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**NOTES TO THE FINANCIAL STATEMENTS
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15. Debtors

	2017 £	2016 £
Trade debtors	2,204,555	2,509,651
Amounts owed by group undertakings	3,055,074	3,344,896
Other debtors	27,188	32,856
Prepayments and accrued income	123,146	160,935
	<u>5,409,963</u>	<u>6,048,338</u>

16. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	<u>381,090</u>	<u>621,098</u>

17. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank loans	300,000	300,000
Other loans	1,700,000	1,700,000
Trade creditors	4,305,094	4,048,530
Other taxation and social security	988,455	939,761
Obligations under finance lease and hire purchase contracts	122,734	121,273
Other creditors	85,342	111,245
Accruals and deferred income	635,156	1,024,425
	<u>8,136,781</u>	<u>8,245,234</u>

Bank loans falling due within one year of £300,000 (2016 - £300,000) 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 (2016 - £1,700,000) are secured by way of a fixed and floating charge in favour of Lion House Management Consultancy DWC-LLC.

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.

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Bank loans	425,000	725,000
Net obligations under finance leases	105,953	209,932
	<u>530,953</u>	<u>934,932</u>

Secured loans

Bank loans falling due after more than one year of £425,000 (2016 - £725,000) 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:

	2017 £	2016 £
Amounts falling due within one year		
Bank loans	300,000	300,000
Other loans	1,700,000	1,700,000
Amounts falling due 1-2 years		
Bank loans	425,000	300,000
Amounts falling due 2-5 years		
Bank loans	-	425,000
	<u>2,425,000</u>	<u>2,725,000</u>

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within one year	122,734	121,273
Between 1-2 years	88,023	123,830
Between 2-5 years	17,930	86,102
	<u>228,687</u>	<u>331,205</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

21. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets measured at fair value through profit or loss	381,090	621,098
Financial assets that are debt instruments measured at amortised cost	5,286,819	5,887,402
	<u>5,667,909</u>	<u>6,508,500</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(7,042,453)	(7,215,980)

Financial assets measured at fair value through profit or loss comprise of cash and cash equivalents.

Financial assets that are debt instruments measured at amortised costs comprise of trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise of bank loans, other loans, trade creditors, finance lease obligations and other creditors.

22. Deferred taxation

The company has not recognised a deferred tax asset or liability at 30 September 2017 (2016: £Nil). The company has timing differences relating to accelerated capital allowances amounting to approximately £140,000 (2016: £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.

23. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

24. Reserves**Profit & loss account**

The profit and loss account reserves represent accumulated profit after tax less any distributions made by the Company. All retained profits shown are distributable reserves.

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 £35,467 (2016 - £36,777). Contributions totalling £8,496 (2016 - £7,459) were payable to the fund at the balance sheet date.

26. Commitments under operating leases

At 30 September 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	47,567	54,415
Later than 1 year and not later than 5 years	56,329	56,091
	<u>103,896</u>	<u>110,506</u>

**NOTES TO THE FINANCIAL STATEMENTS
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27. 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 £293,250 (2016 - £266,981).

During the year the Company paid consultancy fees totalling £400,000 (2016 - £540,000) to Mr I U McKeand (director).

During the year the Company paid consultancy fees totalling £180,000 (2016 - £180,000) to D J Snodin Limited, a company controlled by Mr D J Snodin (director).

During the year the Company paid consultancy fees totalling £21,086 (2016 - £33,414) to Exec Software Limited, a company controlled by Miss J J Swift (director).

Amounts due to related parties at the balance sheet date are shown below:

	2017 £	2016 £
Lion House Management Consultancy DWC-LLC	(1,700,000)	(1,700,000)

28. Controlling party

The Company's immediate and ultimate parent undertaking is Red Circle Investments Limited.

The ultimate controlling party at the balance sheet date was Mr I U McKeand.

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.