

PRV ENGINEERING LIMITED

Audited Financial Statements

for the Year Ended 31 December 2016

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for the year ended 31 December 2016**

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PRV ENGINEERING LIMITED

Company Information
for the year ended 31 December 2016

DIRECTORS:

S K Jones
G P Flook
C Day
L A Williams
M Olerenshaw
A E Cox

SECRETARY:

G P Flook

REGISTERED OFFICE:

Pegasus House, Polo Grounds
New Inn
PONTYPOOL
NP4 0TW

REGISTERED NUMBER:

02075421 (England and Wales)

AUDITORS:

Baldwins Audit Services Limited
Churchill House
59 Lichfield Street
Walsall
West Midlands
WS4 2BX

PRV ENGINEERING LIMITED (REGISTERED NUMBER: 02075421)

Balance Sheet
31 December 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Intangible assets	4	-	-
Property, plant and equipment	5	2,001,865	1,760,059
		<u>2,001,865</u>	<u>1,760,059</u>
CURRENT ASSETS			
Stock	6	347,888	288,317
Debtors	7	2,722,254	2,330,321
Cash at bank and in hand		193,891	130,757
		<u>3,264,033</u>	<u>2,749,395</u>
CREDITORS			
Amounts falling due within one year	8	(1,267,581)	(983,659)
NET CURRENT ASSETS			
		<u>1,996,452</u>	<u>1,765,736</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>3,998,317</u>	<u>3,525,795</u>
CREDITORS			
Amounts falling due after more than one year	9	(725,428)	(656,899)
PROVISIONS FOR LIABILITIES			
	12	(140,367)	(124,502)
ACCRUALS AND DEFERRED INCOME			
		<u>(288,595)</u>	<u>(302,089)</u>
NET ASSETS			
		<u>2,843,927</u>	<u>2,442,305</u>
CAPITAL AND RESERVES			
Called up share capital		2	2
Revaluation reserve	13	242,059	247,877
Retained earnings		2,601,866	2,194,426
SHAREHOLDERS' FUNDS			
		<u>2,843,927</u>	<u>2,442,305</u>

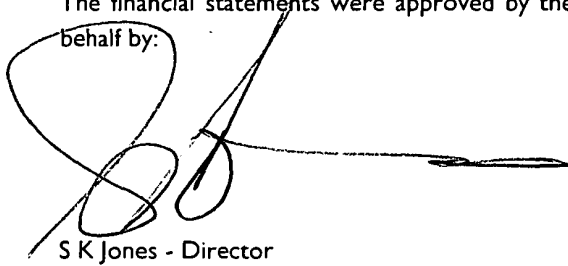
The notes form part of these financial statements

Balance Sheet - continued
31 December 2016

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors on 18 September 2017 and were signed on its behalf by:

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by 'K Jones'. The signature is written over the text 'behalf by:' and extends to the right.

S K Jones - Director

The notes form part of these financial statements

**Notes to the Financial Statements
for the year ended 31 December 2016**

1. STATUTORY INFORMATION

PRV Engineering Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention in accordance with FRS 102 Section 1A - The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling, which is the functional currency of the company.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable. Revenue is reduced for discounts. Specifically:

(i) Engineering Product Turnover

The revenue derived from the sale of manufactured engineering products is recognised on despatch of the goods to the customer.

(ii) Fabrication Services Turnover

The revenue derived from fabrication services is recognised reflect the stage of completion of work carried out.

Goodwill

Acquired goodwill has been written off in equal annual instalments over its estimated useful economic life of 10 years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

**Notes to the Financial Statements - continued
for the year ended 31 December 2016**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets held, both for the company's own use and as lease assets, are stated at cost less accumulated depreciation and any subsequent accumulated impairment losses.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Long Leasehold Property	- Straight line over 50 years
Plant & Machinery	- 10% Straight line
Motor Vehicles	- 25% Straight line
Office Equipment	- 15% Straight line

Assets held under finance leases are depreciated in the same way as owned assets.

At each balance sheet date, the company reviews the carrying amount of its tangible fixed assets to determine whether 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, if any.

Stock

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell (net realisable value). Costs, which comprise direct production costs, are based on the method most appropriate to the type of stock class on a first in first out basis. Overheads are charged to profit and loss as incurred.

When stock is sold, the carrying amount of those stocks is recognised as an expense in the period to which the related revenue is recognised. The amount of any write-down of stocks to net realisable value is recognised as an expense in the period in which the write down or loss occurs. The amount of any reversal of any write-down of stocks is recognised as a reduction in the amount of stocks recognised as an expense in the period in which the reversal occurs.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the Financial Statements - continued
for the year ended 31 December 2016**

2. ACCOUNTING POLICIES - continued

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts and finance leases, are capitalised as tangible fixed assets. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate on the net obligation outstanding in each period.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss on a straight line basis.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit or loss in the period to which they relate.

Grant income

Grant income is credited to deferred income. Grants toward capital expenditure are released to the profit and loss account over the expected useful life of the assets to which they relate. Grants towards revenue expenditure are released to the profit and loss account as the expenditure is incurred.

Basic financial instruments

Basic financial instruments are accounted for in accordance with section 11 of FRS102 and comprise cash and cash equivalents and basic debt instruments including trading balances, bank loans and overdrafts and hire purchase contracts.

Basic debt instruments are measured at amortised cost using the effective interest rate method.

Notes to the Financial Statements - continued
for the year ended 31 December 2016

2. ACCOUNTING POLICIES - continued

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 the revision and future periods if the revision affects both current and future periods.

There are no key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 56 (2015 - 51).

4. INTANGIBLE FIXED ASSETS

	Goodwill
	£
COST	
At 1 January 2016	
and 31 December 2016	128,070
AMORTISATION	
At 1 January 2016	
and 31 December 2016	128,070
NET BOOK VALUE	
At 31 December 2016	-
At 31 December 2015	-

Notes to the Financial Statements - continued
for the year ended 31 December 2016

5. PROPERTY, PLANT AND EQUIPMENT

	Long leasehold property £	Plant & Machinery £	Motor vehicles £	Office equipment £	Totals £
COST					
At 1 January 2016	840,000	2,229,351	165,175	111,105	3,345,631
Additions	-	450,131	-	6,440	456,571
Disposals	-	-	(41,800)	-	(41,800)
At 31 December 2016	840,000	2,679,482	123,375	117,545	3,760,402
DEPRECIATION					
At 1 January 2016	33,600	1,373,090	97,386	81,496	1,585,572
Charge for year	16,800	159,408	29,715	8,842	214,765
Eliminated on disposal	-	-	(41,800)	-	(41,800)
At 31 December 2016	50,400	1,532,498	85,301	90,338	1,758,537
NET BOOK VALUE					
At 31 December 2016	789,600	1,146,984	38,074	27,207	2,001,865
At 31 December 2015	806,400	856,261	67,789	29,609	1,760,059

Notes to the Financial Statements - continued
for the year ended 31 December 2016

5. PROPERTY, PLANT AND EQUIPMENT - continued

Cost or valuation at 31 December 2016 is represented by:

	Long Leasehold property	Plant & Machinery	Motor Vehicles	Office Equipment	Totals
	£	£	£	£	£
Valuation in 2013	(124,995)	-	-	-	(124,995)
Valuation in 2010	(80,000)				(80,000)
Valuation in 2007	495,908				495,908
Cost	549,087	2,229,351	165,175	111,105	3,054,718
Total	840,000	2,229,351	165,175	111,105	3,345,631

If long leasehold property had not been revalued it would have been included at the following historical cost:

	2016	2015
	£	£
Cost	549,087	549,087
Aggregate depreciation	103,797	92,815

Cost represents the cost of leasehold property together with additional capitalised cost of building extension works which were completed in the year ending 31 December 2013.

Leasehold property was valued on a current market value basis on 14 April 2014 by Hutchings and Thomas Chartered Surveyors for the Company's Bankers HSBC. The directors have relied upon this valuation in these financial statements. This valuation was reflected as a post balance sheet adjustment in the 31 December 2013 financial statements.

Notes to the Financial Statements - continued
for the year ended 31 December 2016

5. **PROPERTY, PLANT AND EQUIPMENT - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant & Machinery	Motor vehicles	Totals
	£	£	£
COST			
At 1 January 2016	1,089,610	109,825	1,199,435
Additions	407,985	-	407,985
Disposals	-	(34,000)	(34,000)
Transfer to ownership	(334,610)	-	(334,610)
	<u>1,162,985</u>	<u>75,825</u>	<u>1,238,810</u>
At 31 December 2016	1,162,985	75,825	1,238,810
DEPRECIATION			
At 1 January 2016	390,019	55,351	445,370
Charge for year	82,300	26,040	108,340
Eliminated on disposal	-	(34,000)	(34,000)
Transfer to ownership	(184,686)	-	(184,686)
	<u>287,633</u>	<u>47,391</u>	<u>335,024</u>
At 31 December 2016	287,633	47,391	335,024
NET BOOK VALUE			
At 31 December 2016	<u>875,352</u>	<u>28,434</u>	<u>903,786</u>
At 31 December 2015	<u>699,591</u>	<u>54,474</u>	<u>754,065</u>

6. **STOCK**

	2016	2015
	£	£
Finished goods	<u>347,888</u>	<u>288,317</u>

Stocks are recorded after provisions for impairment of £Nil (2015: £Nil).

7. **DEBTORS**

	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors	1,072,515	678,098
Amounts owed by group undertakings	1,375,514	1,373,014
Other debtors	112,126	97,498
	<u>2,560,155</u>	<u>2,148,610</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2016

7. **DEBTORS - continued**

	2016	2015
	£	£
Amounts falling due after more than one year:		
Other debtors	<u>162,099</u>	<u>181,711</u>
Aggregate amounts	<u>2,722,254</u>	<u>2,330,321</u>

Trade debtors are stated after provisions for impairment of £5,000 (2015: £5,000).

8. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016	2015
	£	£
Bank loans and overdrafts	121,520	117,920
Hire purchase contracts (see note 10)	155,902	93,100
Trade creditors	301,471	219,996
Taxation and social security	253,370	248,857
Other creditors	<u>435,318</u>	<u>303,786</u>
	<u>1,267,581</u>	<u>983,659</u>

Other creditors are inclusive of HSBC Invoice Discounting Facility of £327,467 (2015: £198,915).

9. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2016	2015
	£	£
Bank loans	383,307	506,174
Hire purchase contracts (see note 10)	<u>342,121</u>	<u>150,725</u>
	<u>725,428</u>	<u>656,899</u>

Amounts falling due in more than five years:

Repayable by instalments		
Bank loans repayable in more than five years	<u>81,096</u>	<u>158,487</u>
	<u>81,096</u>	<u>158,487</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2016

10. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2016	2015
	£	£
Net obligations repayable:		
Within one year	155,902	93,100
Between one and five years	342,121	150,725
	<u>498,023</u>	<u>243,825</u>
	Non-cancellable operating leases	
	2016	2015
	£	£
Within one year	15,158	4,948
Between one and five years	20,220	2,352
In more than five years	25,872	26,460
	<u>61,250</u>	<u>33,760</u>

**Notes to the Financial Statements - continued
for the year ended 31 December 2016**

11. SECURED DEBTS

The following secured debts are included within creditors:

	2016	2015
	£	£
Bank loans	504,827	624,094
Hire purchase contracts	498,023	243,825
Invoice discounting facility	327,467	198,915
	<u>1,330,317</u>	<u>1,066,834</u>

Amounts due under hire purchase contracts are secured by the underlying assets.

Bank loans are secured by fixed and floating charges over all the assets and undertakings of PRV Engineering Limited, a charge over contract monies, a debenture and a cross company guarantee from Transit Engineering Limited.

The company utilises an invoice discounting facility which is secured by a fixed charge over the approved debt of the company and a floating charge over the assets of the company.

12. PROVISIONS FOR LIABILITIES

	Accelerated capital allowances	Property revaluation	Total
	£	£	£
At 1 January 2016	86,472	38,030	124,502
Charged to the profit and loss account	15,865	-	15,865
At 31 December 2016	<u>102,337</u>	<u>38,030</u>	<u>140,367</u>

Deferred tax arising on revalued properties is only adjusted for material changes as a result of a tax rate changes on revaluations. In 2016 these were not material adjustments.

**Notes to the Financial Statements - continued
for the year ended 31 December 2016**

13. RESERVES

	Revaluation reserve £
At 1 January 2016	247,877
Transfer in respect of depreciation on revalued property	(5,818)
At 31 December 2016	242,059

14. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Carol Warburton signed the audit report on 18 September 2017 as Senior Statutory Auditor for and on behalf of BALDWINS AUDIT SERVICES LIMITED.

15. CONTINGENT LIABILITIES

The company guarantees the bank facility of Transit Engineering Limited (its holding company) by means of an unlimited cross guarantee.

16. CAPITAL COMMITMENTS

	2016 £	2015 £
Contracted but not provided for in the financial statements	292,152	-

**Notes to the Financial Statements - continued
for the year ended 31 December 2016**

17. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following amounts were owed to the company by a director at 31 December 2016:

	At start of the year £	Interest Charged £	Amounts repaid £	At end of the year £
S K Jones	200,000	4,905	24,000	180,905

Interest is charged on the loan from the company at the rate of 3% per annum. Of the £180,905 outstanding to the company at year end £162,099 is due in more than one year as shown in note 9 to the financial statements.

In addition, the following amount was owed by the company to S K Jones, director at 31 December 2016:

	At start of the year £	Amounts advanced £	At end of the year £
S K Jones	64,671	-	64,671

Interest is charged on the loan to the company at the rate of 11.75% per annum. The loan is repayable on the receipt of 367 days notice from the lender.

18. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

19. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is S K Jones who owns 70% of the issued share capital of Transit Engineering Limited at 31 December 2016.

Transit Engineering Limited is the ultimate parent company owning the entire £1 ordinary share capital of the company. The registered office address of Transit Engineering Limited is Pegasus House, Polo Grounds, New Inn, Pontypool, NP4 0TW.