Company Registration No. SC075166 (Scotland)

BRIDGEFORTH ENGINEERING LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MAY 2017

PAGES FOR FILING WITH REGISTRAR

THE A9 PARTNERSHIP LIMITED
Chartered Accountants
Abercorn School
Newton
West Lothian
EH52 6PZ

BRIDGEFORTH ENGINEERING LTD

CONTENTS

	Page
Strategic report	1
Statement of financial position	2 - 3
Notes to the financial statements	4 - 16

BRIDGEFORTH ENGINEERING LTD

COMPANY INFORMATION

Directors	Mr A N Seymour Mr S A Seymour
Company number	SC075166
Registered office	1 Nairn Road Deans Industrial Estate Deans Livingston West Lothian EH54 8AY
Auditor	The A9 Partnership Limited Abercorn School Newton West Lothian EH52 6PZ

BRIDGEFORTH ENGINEERING LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2017

The directors present the strategic report for the year ended 31 May 2017.

Fair review of the business

On behalf of the board

.....
Mr S A Seymour
Director
.....

BRIDGEFORTH ENGINEERING LTD

STATEMENT OF FINANCIAL POSITION

AS AT 31 MAY 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	**5**		2,854,336		3,892,634
Current assets					
Stocks	**7**	76,026		119,930	
Debtors	**8**	1,091,455		922,906	
Cash at bank and in hand		4,798		4,656	
		1,172,279		1,047,492	
Creditors: amounts falling due within one year	**9**	(3,399,916)		(2,918,105)	
Net current liabilities			(2,227,637)		(1,870,613)
Total assets less current liabilities			626,699		2,022,021
Creditors: amounts falling due after more than one year	**10**		(266,646)		(452,932)
Net assets			360,053		1,569,089
Capital and reserves					
Called up share capital	**14**		137		137
Share premium account	**15**		1,249,963		1,249,963
Profit and loss reserves			(890,047)		318,989
Total equity			360,053		1,569,089

The directors of the company have elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MAY 2017

The financial statements were approved by the board of directors and authorised for issue on 28 February 2018 and are signed on its behalf by:

Mr S A Seymour
Director

Company Registration No. SC075166

1 Accounting policies

Company information

Bridgeforth Engineering Ltd is a private company limited by shares incorporated in Scotland. The registered office is 1 Nairn Road, Deans Industrial Estate, Deans, Livingston, West Lothian, EH54 8AY.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary a mounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Bridgeforth Engineering Ltd is a wholly owned subsidiary of Bridgeforth (Holdings) Limited and the results of Bridgeforth Engineering Ltd are included in the consolidated financial statements of Bridgeforth (Holdings) Limited which are available from: Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1 Accounting policies **(Continued)**

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	50 years straight line
Plant and machinery	10 years straight line
Fixtures, fittings & equipment	5 years straight line
Computer equipment	3 years straight line
Motor vehicles	4 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1 Accounting policies **(Continued)**

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1 **Accounting policies** **(Continued)**

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 **Accounting policies** **(Continued)**

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Auditor's remuneration

	2017	2016
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	10,000	20,000

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Production Staff	10	37
Administrative Staff	8	13
	18	50

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	742,471	1,956,736
Social security costs	63,015	174,222
Pension costs	48,238	111,443
	853,724	2,242,401

5 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 June 2016	1,745,472	4,546,626	88,147	54,023	78,849	6,513,117
Additions	-	59,300	-	-	29,583	88,883
Disposals	-	(2,799,573)	(9,502)	(1,264)	-	(2,810,339)
At 31 May 2017	1,745,472	1,806,353	78,645	52,759	108,432	3,791,661
Depreciation and impairment						
At 1 June 2016	75,208	2,417,894	63,642	47,998	15,741	2,620,483
Depreciation charged in the year	31,840	168,182	6,286	4,884	31,103	242,295
Eliminated in respect of disposals	-	(1,916,378)	(7,811)	(1,264)	-	(1,925,453)
At 31 May 2017	107,048	669,698	62,117	51,618	46,844	937,325
Carrying amount						
At 31 May 2017	1,638,424	1,136,655	16,528	1,141	61,588	2,854,336
At 31 May 2016	1,670,264	2,128,731	24,504	6,026	63,109	3,892,634

5 **Tangible fixed assets** **(Continued)**

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2017	2016
	£	£
Plant and machinery	468,758	640,114
Motor vehicles	38,811	61,428
	507,568	701,542
Depreciation charge for the year in respect of leased assets	77,848	95,402

Fixed charges have been granted over the company's freehold land and buildings to secure borrowings of the company. Assets held on HP agreements are also secured.

6 **Subsidiaries**

Details of the company's subsidiaries at 31 May 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	% Held Indirect
Bridgeforth Engineering (Kunshan) Limited	China	Steel stockholder	Ordinary	100.00	

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Bridgeforth Engineering (Kunshan) Limited	154,843	(323,468)

7 **Stocks**

	2017	2016
	£	£
Work in progress	10,604	53,763
Raw materials and consumables	65,422	66,167
	76,026	119,930

8 **Debtors**

	2017	2016
Amounts falling due within one year:	**£**	**£**
Trade debtors	60,836	303,088
Corporation tax recoverable	14,953	18,133
Amounts owed by undertakings in which the company has a participating interest	889,602	494,098
Other debtors	96,081	74,051
Prepayments and accrued income	29,983	33,536
	1,091,455	922,906

9 **Creditors: amounts falling due within one year**

	Notes	2017	2016
		£	**£**
Bank loans and overdrafts	**11**	1,892,365	1,404,970
Obligations under finance leases	**12**	173,452	221,811
Trade creditors		71,629	212,407
Amounts due to undertakings in which the company has a participating interest		1,129,632	937,614
Corporation tax		-	540
Other taxation and social security		39,407	64,081
Other creditors		17,864	25,747
Accruals and deferred income		75,567	50,935
		3,399,916	2,918,105

A floating charge has been granted to the company's bankers. A group set-off is also held by them. An unlimited multilateral guarantee was also given by the company in 2014.

Fixed charges have also been granted over the company's property.

Hire purchase debts are secured over the assets financed.

10 **Creditors: amounts falling due after more than one year**

	Notes	2017	2016
		£	**£**
Obligations under finance leases	**12**	199,591	373,043
Government grants	**13**	67,055	79,889
		266,646	452,932

Hire purchase debts are secured over the assets financed.

11 Loans and overdrafts

	2017	2016
	£	£
Bank overdrafts	1,892,365	1,404,970
Payable within one year	1,892,365	1,404,970

The bank overdrafts are secured as detailed in Note 14

12 HP and Finance lease obligations

Future minimum lease payments due under HP and finance leases:	2017 £	2016 £
Within one year	183,172	240,059
In two to five years	204,745	387,997
	387,917	628,056
Less: future finance charges	(14,874)	(33,202)
	373,043	594,854

HP payments represent rentals payable by the company for certain items of plant, machinery and motor vehicles. The average lease term ranges from 3 to 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

13 Government grants

	2017	2016
	£	£
Arising from government grants	67,055	79,889
	67,055	79,889
Deferred income is included in the financial statements as follows:		
Non-current liabilities	67,055	79,889
	67,055	79,889

The company has benefited from Regional Selective Assistance from Scottish Enterprise in the past for the creation of jobs and capital expenditure. The balance of the deferred grants and ongoing amortisation to the Statement of Comprehensive Income relates to this.

All of the grant conditions have been fulfilled. However, Scottish Enterprise can seek repayment of part or all of the grant already paid if any of the grant conditions are breached within 3 years following the date of payment of the final instalment of the grant. The final instalment was paid to the company in August 2015.

14 Share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
137 Ordinary Shares of £1 each	137	137
	137	137

15 Share premium account

This reserve records the amount above the nominal value received for shares issued less transaction costs.

16 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was qualified and the auditor reported as follows:

Basis for Adverse Opinion on Financial Statements
Due to recurring trading losses, ongoing reductions in turnover, uncertainty surrounding future funding sources and minimal prospects of any recovery in the trade, in our opinion, we believe the company directors will be left with no option but to cease trading. These events and conditions indicate a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not contain the necessary adjustments to the carrying values that would be required if the group were to be wound up and consequently the use of the going concern basis of accounting is not appropriate.

Adverse Opinion on Financial Statements
In our opinion, because of the inappropriate use of the going concern assumption and basis of accounting and significance of the matters described in the Basis for Adverse Opinion paragraph, the financial statements:

do not give a true and fair view of the state of the company's affairs as at 31 May 2017 and of its loss for the year then ended; and
have not been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

The senior statutory auditor was Mr Richard Baird.
The auditor was The A9 Partnership Limited.

17 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017	2016
	£	£
Within one year	3,187	27,707
Between two and five years	-	3,187
	3,187	30,894

18 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2017	2016	2017	2016
	£	£	£	£
Companies under common control	74,493	130,143	112,226	328,112

	Assets Bought	
	2017	2016
	£	£
Companies under common control	29,583	-

The following amounts were outstanding at the reporting end date:

	2017	2016
Amounts owed to related parties	£	£
Companies under common control	1,119,151	904,924

Trade debt between related parties is payable within 60 days. There is no fixed repayment term for the intercompany debts.

18 Related party transactions **(Continued)**

The following amounts were outstanding at the reporting end date:

Amounts owed by related parties	**2017 Balance £**
Companies under common control	888,840

Amounts owed in previous period	**2016 Balance £**
Companies under common control	418,350

Trade debt between related parties is payable within 60 days. There is no fixed repayment term for the intercompany debts.

19 Controlling party

The company's immediate and ultimate parent company is Bridgeforth (Holdings) Limited. The group's ultimate controlling party is the Seymour family.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.