

REGISTERED NUMBER: 03650449 (England and Wales)

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 30th September 2018
for
BENTALL ROWLANDS STORAGE SYSTEMS LIMITED

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for the Year Ended 30th September 2018**

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BENTALL ROWLANDS STORAGE SYSTEMS LIMITED

**Company
Information
for the Year Ended 30th September 2018**

DIRECTORS:	Mr P W Kirkman Mr A Jamal
REGISTERED OFFICE:	Centurion Court Centurion Way Leyland Lancashire PR25 3UQ
REGISTERED NUMBER:	03650449 (England and Wales)
SENIOR STATUTORY AUDITOR:	Andrew Carl Caunce - FCCA
AUDITORS:	Abrams Ecob Limited Statutory Auditor Chartered Certified Accountants 41 St Thomas's Road Chorley Lancashire PR7 1JE

Strategic Report
for the Year Ended 30th September 2018

The directors present their strategic report for the year ended 30th September 2018.

REVIEW OF BUSINESS

The results for the year and the financial position of the company are as shown in the annexed financial statements.

They reflect the hugely negative impact on the business two major contracts have had on the business. Engineering changes and difficulties caused technical and production bottlenecks that led to logistical delays resulting in the choking of the factory. As a consequence contract liability claims and delayed payments increased. The directors have worked hard to try to mitigate the impact to all involved however beyond 9 months from the year end the directors remain highly concerned about the future prospects of the business. The directors have sought professional advisers and assistance along this very challenging journey and we continue to work with them to try and formulate a route forward.

Key Performance Indicators ("KPI")

The directors monitor progress on the company's strategy by reference to the following KPI's:

<u>KPI</u>	<u>2018</u>	<u>2017</u>	
Sales growth / (reduction) (%)	9.87	62.67	The company has seen an increase in sales in the year from securing more contracts following the expansion of operations.
Gross margin (%)	(20.67)	15.63	The gross margin has shown a loss compared to the previous year.

PRINCIPAL RISKS AND UNCERTAINTIES

Financial risk management:

The company's operations expose it to a variety of financial risks that include the effects of credit risk, foreign exchange rate risk, liquidity risk and interest rate cash flow risk through fluctuations in interest rates. The company has in place a risk management programme that seeks to limit any adverse effects on the financial performance of the company.

Credit risk:

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Foreign Exchange Risk:

The company operates foreign bank accounts in order to minimise its exposure to foreign exchange movements, it also invoices in sterling whenever possible.

Liquidity risk:

The company actively maintains short term debt finance that is designed to ensure the company has sufficient funds for operations. This includes the use of overdraft facilities and short term borrowings from its parent company. Post year end, the company has seen a shortfall in funding amplified by supplier credit insurance limit reductions and the inability to raise advance payment guarantee's for sizeable projects. The directors have actively sought advice and support from

independent advisors and the group to try to find a path through liquidity risk.

Environmental and other risks

The company continues to closely monitor and evaluate environmental and other regulatory matters which could have a major impact on its activities.

The company is keen to eliminate all injuries, occupational illnesses, unsafe practices and incidents of environmental harm from its activities. The health and safety of its employees, the local community and the environment is the number one priority of the company.

Strategic Report
for the Year Ended 30th September 2018

FUTURE DEVELOPMENTS

As highlighted under the review of business, the company has sought to find solutions to the trading issues that it has faced during the accounting period, and continued to pursue solutions post year end. The directors continue to work with their professional advisors, but remain concerned over the future prospects of the company.

ON BEHALF OF THE BOARD:

Mr P W Kirkman - Director

6th August 2019

Report of the Directors
for the Year Ended 30th September 2018

The directors present their report with the financial statements of the company for the year ended 30th September 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture and supply of storage silos.

DIVIDENDS

No dividends will be distributed for the year ended 30th September 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st October 2017 to the date of this report.

Mr P W Kirkman
Mr A Jamal

Other changes in directors holding office are as follows:

Mr K Groom ceased to be a director after 30th September 2018 but prior to the date of this report.

GOING CONCERN BASIS

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 3. The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements.

The current economic environment is difficult and the company has reported a large operating loss for the year due to unforeseen problems on a major contract undertaken in the year. The directors' consider that the outlook presents significant challenges in terms of sales volume and pricing. Whilst the directors have instituted measures to preserve cash these circumstances have created material uncertainties over future trading results and cash flows.

The directors have concluded that the combination of these circumstances casts significant doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business. For these reasons, the directors have taken the decision to file a Notice of Intent to appoint administrators.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

**Report of the Directors
for the Year Ended 30th September 2018**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

Mr P W Kirkman - Director

6th August 2019

**Report of the Independent Auditors to the Members of
Bentall Rowlands Storage Systems Limited**

Opinion

We have audited the financial statements of Bentall Rowlands Storage Systems Limited (the 'company') for the year ended 30th September 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30th September 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law.

Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the

financial statements section of our report. We are independent of the company in accordance with the ethical

requirements that are relevant to our audit of the financial statements in the 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.

Emphasis of Matter

We draw attention to the note in the report of the directors regarding going concern. The directors do not consider it to

be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the

financial statements have been prepared on a basis other than going concern as described in the notes to the financial

statements.

Our opinion is not modified in this respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic

Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors

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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
Bentall Rowlands Storage Systems Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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 Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

Andrew Carl Caunce - FCCA (Senior Statutory Auditor)
for and on behalf of Abrams Ecob Limited
Statutory Auditor
Chartered Certified Accountants

41 St Thomas's Road
Chorley
Lancashire
PR7 1JE

9th August 2019

Abrams Ashton - Chorley

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Income Statement
for the Year Ended 30th September 2018

	Notes	30.9.18 £	30.9.17 £
TURNOVER	3	7,987,654	7,270,361
Cost of sales		<u>9,638,865</u>	<u>6,122,620</u>
GROSS (LOSS)/PROFIT		(1,651,211)	1,147,741
Administrative expenses		<u>2,504,966</u>	<u>1,131,246</u>
OPERATING (LOSS)/PROFIT	5	(4,156,177)	16,495
Interest receivable and similar income		<u>-</u>	<u>31,269</u>
		(4,156,177)	47,764
Amounts written off investments	6	<u>8,057</u>	<u>-</u>
(LOSS)/PROFIT BEFORE TAXATION		(4,164,234)	47,764
Tax on (loss)/profit	7	<u>(371,415)</u>	<u>49,398</u>
LOSS FOR THE FINANCIAL YEAR		<u>(3,792,819)</u>	<u>(1,634)</u>

Other Comprehensive Income
for the Year Ended 30th September 2018

	Notes	30.9.18 £	30.9.17 £
LOSS FOR THE YEAR		(3,792,819)	(1,634)
OTHER COMPREHENSIVE INCOME		_____ -	_____ -
TOTAL COMPREHENSIVE INCOME		_____ -	_____ -
FOR THE YEAR		===== (3,792,819)	===== (1,634)

Balance Sheet
30th September
2018

	Notes	30.9.18 £	£	30.9.17 £	£
FIXED ASSETS					
Tangible assets	8	1,646,493		1,636,596	
Investments	9	-		8,057	
		<u>1,646,493</u>		<u>1,644,653</u>	
CURRENT ASSETS					
Stocks	10	1,784,695		1,868,526	
Debtors	11	2,738,086		1,788,191	
Cash at bank		<u>87,777</u>		<u>224,150</u>	
		<u>4,610,558</u>		<u>3,880,867</u>	
CREDITORS					
Amounts falling due within one year	12	<u>7,537,042</u>		<u>4,123,924</u>	
NET CURRENT LIABILITIES		<u>(2,926,484)</u>		<u>(243,057)</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,279,991)</u>		<u>1,401,596</u>	
CREDITORS					
Amounts falling due after more than one year	13	(1,123,608)		-	
PROVISIONS FOR LIABILITIES	17	<u>(156,349)</u>		<u>(168,725)</u>	
NET (LIABILITIES)/ASSETS		<u>(2,559,948)</u>		<u>1,232,871</u>	
CAPITAL AND RESERVES					
Called up share capital	18	50,000		50,000	
Retained earnings	19	<u>(2,609,948)</u>		<u>1,182,871</u>	
SHAREHOLDERS' FUNDS		<u>(2,559,948)</u>		<u>1,232,871</u>	

The financial statements were approved by the Board of Directors on 6th August 2019 and were signed on its behalf by:

Mr P W Kirkman - Director

Statement of Changes in Equity
for the Year Ended 30th September 2018

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1st October 2016	50,000	1,184,505	1,234,505
Changes in equity			
Total comprehensive income	-	(1,634)	(1,634)
Balance at 30th September 2017	<u>50,000</u>	<u>1,182,871</u>	<u>1,232,871</u>
Changes in equity			
Total comprehensive income	-	(3,792,819)	(3,792,819)
Balance at 30th September 2018	<u>50,000</u>	<u>(2,609,948)</u>	<u>(2,559,948)</u>

Cash Flow Statement
for the Year Ended 30th September 2018

	Notes	30.9.18 £	30.9.17 £
Cash flows from operating activities			
Cash generated from operations	1	(2,675,408)	(551,931)
Tax paid		(24,987)	(9,550)
Net cash from operating activities		<u>(2,700,395)</u>	<u>(561,481)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		1,296,765	(1,591,660)
Sale of tangible fixed assets		-	31,109
Interest received		-	31,269
Net cash from investing activities		<u>1,296,765</u>	<u>(1,529,282)</u>
Cash flows from financing activities			
Intercompany loans		972,414	(65,905)
Capital repayments in year		(46,260)	-
Net cash from financing activities		<u>926,154</u>	<u>(65,905)</u>
Decrease in cash and cash equivalents		<u>(477,476)</u>	<u>(2,156,668)</u>
Cash and cash equivalents at beginning of year	2	224,150	2,380,818
Cash and cash equivalents at end of year	2	<u>(253,326)</u>	<u>224,150</u>

Notes to the Cash Flow Statement
for the Year Ended 30th September 2018

1. **RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	30.9.18	30.9.17
	£	£
(Loss)/profit before taxation	(4,164,234)	47,764
Depreciation charges	105,168	47,626
Profit on disposal of fixed assets	-	(180)
Warranty provision	40,039	34,616
Impairment of Subsidiary	8,057	-
Finance income	-	(31,269)
	(4,010,970)	98,557
Decrease/(increase) in stocks	83,831	(1,423,285)
Increase in trade and other debtors	(779,883)	(1,191,439)
Increase in trade and other creditors	2,031,614	1,964,236
Cash generated from operations	<u>(2,675,408)</u>	<u>(551,931)</u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these
Balance Sheet amounts:

Year ended 30th September 2018

	30.9.18	1.10.17
	£	£
Cash and cash equivalents	87,777	224,150
Bank overdrafts	(341,103)	-
	<u>(253,326)</u>	<u>224,150</u>

Year ended 30th September 2017

	30.9.17	1.10.16
	£	£
Cash and cash equivalents	<u>224,150</u>	<u>2,380,818</u>

**Notes to the Financial Statements
for the Year Ended 30th September 2018**

1. STATUTORY INFORMATION

Bentall Rowlands Storage Systems 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

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

As explained in the report of the directors, post balance sheet date the directors intend to file a Notice of Intent to appoint administrators in an attempt to avoid the company from going into liquidation. The financial statements have therefore not been prepared on a Going Concern basis.

Preparation of consolidated financial statements

The financial statements contain information about Bentall Rowlands Storage Systems Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Leyland Holding Company Limited, a company registered in England and Wales.

Turnover

Turnover is the value of goods, net of value added tax, provided to customers during the year.

Sale of goods:

Revenue from sale of goods is recognised when the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership 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.

Long Term Contracts

When the outcome of a contract can be measured reliably, the entity will recognize both income and costs by reference to the percentage of completion of the contract. If the outcome cannot be reliably measured, all costs are expensed and revenue is only recognised to the extent that it is probable that costs are recoverable.

When it is probable that a loss will occur on a contract, this is recognised in full immediately as an onerous contract provision.

Notes to the Financial Statements - continued
for the Year Ended 30th September 2018

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 20% on cost
Fixtures and fittings	- 15% on cost
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33.3% on cost

Impairment of Assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Notes to the Financial Statements - continued
for the Year Ended 30th September 2018

2. ACCOUNTING POLICIES - continued

Financial instruments

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

Financial instruments are recognised in the company's balance sheet 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, loans to common controlled companies and cash and bank balances, are initially measured at transaction price including transaction costs. They 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.

Other financial assets:

All the company's financial assets fall to be classified as basic financial assets under Section 11 of FRS 102 and the company therefore holds no other financial assets.

Basic Financial liabilities:

Basic financial liabilities, including creditors, 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 receipts 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.

Other financial liabilities:

All the companies financial liabilities fall to be classified as basic financial liabilities under Section 11 of FRS 102 and the company therefore has no other financial instruments.

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

Notes to the Financial Statements - continued
for the Year Ended 30th September 2018

2. ACCOUNTING POLICIES - continued

Deferred tax

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Cash & cash equivalents

Cash and cash equivalents includes cash in hand, deposits held with banks and bank overdrafts. Bank overdrafts, when applicable are shown within borrowings in current liabilities.

Investments

Investments in subsidiaries:

Investments held as fixed assets are stated at cost less provision for any impairment in value. Investments held by the company in subsidiaries denominated in foreign currencies are translated at rates ruling at the balance sheet date.

Warranty provision

The Company gives two year warranties on its products manufactured and sold. Such warranty is in respect of the Company's undertaking to repair or replace those items that fail to perform satisfactorily upon meeting the terms and conditions set by the Company. A provision for warranty is calculated and recognised based on a percentage of turnover in the last 2 years.

Notes to the Financial Statements - continued
for the Year Ended 30th September 2018

3. TURNOVER

The turnover and loss (2017 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	30.9.18	30.9.17
	£	£
United Kingdom	1,923,331	1,688,963
Europe	5,381,513	4,793,311
South America	444,046	-
Asia	44,037	11,286
Africa	194,727	776,801
	<u>7,987,654</u>	<u>7,270,361</u>

4. EMPLOYEES AND DIRECTORS

	30.9.18	30.9.17
	£	£
Wages and salaries	1,843,738	897,132
Social security costs	169,744	85,060
	<u>2,013,482</u>	<u>982,192</u>

The average number of employees during the year was as follows:

	30.9.18	30.9.17
Production	44	24
Non-production	5	5
Sales	2	2
Administrative and management	5	4
Directors	3	3
	<u>59</u>	<u>38</u>

	30.9.18	30.9.17
	£	£
Directors' remuneration	<u>65,000</u>	<u>64,620</u>

The number of directors to whom retirement benefits were accruing was as follows:

	<u>1</u>	<u>1</u>
Money purchase schemes		

Notes to the Financial Statements - continued
for the Year Ended 30th September 2018

5. OPERATING (LOSS)/PROFIT

The operating loss (2017 - operating profit) is stated after charging/(crediting):

	30.9.18	30.9.17
	£	£
Other operating leases	18,972	13,318
Depreciation - owned assets	46,832	47,625
Depreciation - assets on hire purchase contracts	58,336	-
Profit on disposal of fixed assets	-	(180)
Auditors' remuneration	9,900	7,800
Other operating leases	135,000	135,000
Foreign currency translation (gain) / loss	3,257	(85,918)
Defined contribution pension cost	<u>5,926</u>	<u>5,926</u>

6. AMOUNTS WRITTEN OFF INVESTMENTS

	30.9.18	30.9.17
	£	£
Amounts w/o invs	<u>8,057</u>	<u>-</u>

7. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	30.9.18	30.9.17
	£	£
Current tax:		
Withholding tax	-	9,550
Deferred tax	(371,415)	<u>39,848</u>
Tax on (loss)/profit	<u>(371,415)</u>	<u>49,398</u>

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK.

The difference is explained below:

	30.9.18	30.9.17
	£	£
(Loss)/profit before tax	<u>(4,164,234)</u>	<u>47,764</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 0% (2017 - 19%)	-	9,075
Effects of:		
Expenses not deductible for tax purposes	-	6,577
Capital allowances in excess of depreciation	(69,670)	(71,538)
Utilisation of tax losses	-	55,886
Deferred Tax Movement	(301,745)	39,848
Withholding tax	-	9,550
Total tax (credit)/charge	<u>(371,415)</u>	<u>49,398</u>

Notes to the Financial Statements - continued
for the Year Ended 30th September 2018

8. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1st October 2017	1,873,277	11,987	20,000	73,399	1,978,663
Additions	144,458	6,655	44,329	6,606	202,048
Exchange differences	(86,983)	-	-	-	(86,983)
At 30th September 2018	1,930,752	18,642	64,329	80,005	2,093,728
DEPRECIATION					
At 1st October 2017	266,629	10,897	6,156	58,385	342,067
Charge for year	81,832	851	14,235	8,250	105,168
At 30th September 2018	348,461	11,748	20,391	66,635	447,235
NET BOOK VALUE					
At 30th September 2018	1,582,291	6,894	43,938	13,370	1,646,493
At 30th September 2017	1,606,648	1,090	13,844	15,014	1,636,596

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

	Plant and machinery £	Motor vehicles £	Totals £
COST			
Additions	-	44,328	44,328
Reclassification/transfer	1,481,199	-	1,481,199
At 30th September 2018	1,481,199	44,328	1,525,527
DEPRECIATION			
Charge for year	49,100	9,236	58,336
Reclassification/transfer	3,400	-	3,400
At 30th September 2018	52,500	9,236	61,736
NET BOOK VALUE			
At 30th September 2018	1,428,699	35,092	1,463,791

Notes to the Financial Statements - continued
for the Year Ended 30th September 2018

9. FIXED ASSET INVESTMENTS

**Shares in
group
undertakings
£**

COST

At 1st October 2017

8,057

Impairments

(8,057)

At 30th September 2018

-

NET BOOK VALUE

At 30th September 2018

-

At 30th September 2017

8,057

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Bentall Rowlands International SP

Registered office: Paseo de la Castellana, 35, 28046 Madrid, Spain

Nature of business: Silo sales

Class of shares:	%
Ordinary	holding 100.00

30.9.18	30.9.17
£	£
19,989	14,452
<u>5,537</u>	<u>17,313</u>

Aggregate capital and reserves
Profit for the year

10. STOCKS

30.9.18	30.9.17
£	£
525,632	1,044,248
<u>1,259,063</u>	<u>824,278</u>
<u>1,784,695</u>	<u>1,868,526</u>

Stocks
Work-in-progress

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

30.9.18	30.9.17
£	£
2,102,071	1,511,005
-	148,988
274,861	113,731
319,000	-
<u>42,154</u>	<u>14,467</u>
<u>2,738,086</u>	<u>1,788,191</u>

Trade debtors
Amounts owed by group undertakings
VAT
Deferred tax asset
Prepayments

Notes to the Financial Statements - continued
for the Year Ended 30th September 2018

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.9.18	30.9.17
	£	£
Bank loans and overdrafts (see note 14)	341,103	-
Hire purchase contracts (see note 15)	241,962	-
Trade creditors	3,242,372	2,135,322
Amounts owed to group undertakings	823,426	-
Tax	-	24,987
Social security and other taxes	144,030	28,395
Other creditors	444,781	840,611
Accrued expenses	2,299,368	1,094,609
	<u>7,537,042</u>	<u>4,123,924</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30.9.18	30.9.17
	£	£
Hire purchase contracts (see note 15)	<u>1,123,608</u>	<u>-</u>

14. LOANS

An analysis of the maturity of loans is given below:

	30.9.18	30.9.17
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>341,103</u>	<u>-</u>

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	30.9.18	30.9.17
	£	£
Net obligations repayable:		
Within one year	241,962	-
Between one and five years	809,588	-
In more than five years	314,020	-
	<u>1,365,570</u>	<u>-</u>
	Non-cancellable operating leases	
	30.9.18	30.9.17
	£	£
Within one year	192,673	203,330
Between one and five years	55,000	112,215
	<u>247,673</u>	<u>315,545</u>

Notes to the Financial Statements - continued
for the Year Ended 30th September 2018

16. SECURED DEBTS

The following secured debts are included within creditors:

	30.9.18	30.9.17
	£	£
Bank overdraft	341,103	-
Hire purchase contracts	<u>1,365,570</u>	-
	<u>1,706,673</u>	-

Balances falling due under hire purchase contracts and bank overdrafts are secured by way of a debenture with fixed and floating charges over all property and undertakings of the company.

17. PROVISIONS FOR LIABILITIES

	30.9.18	30.9.17
	£	£
Deferred tax	-	52,415
Warranty claim contingency	<u>156,349</u>	<u>116,310</u>
	<u>156,349</u>	<u>168,725</u>

	Deferred tax	Warranty claims
	£	£
Balance at 1st October 2017	52,415	116,310
Accelerated capital allowances	69,670	-
Warranty provision movement in the year	-	40,039
Trading losses	<u>(441,085)</u>	-
Balance at 30th September 2018	<u>(319,000)</u>	<u>156,349</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			30.9.18	30.9.17
Number:	Class:	Nominal value:	£	£
50,000	Ordinary	£1	<u>50,000</u>	<u>50,000</u>

19. RESERVES

	Retained earnings
	£
At 1st October 2017	1,182,871
Deficit for the year	<u>(3,792,819)</u>
At 30th September 2018	<u>(2,609,948)</u>

Notes to the Financial Statements - continued
for the Year Ended 30th September 2018

20. ULTIMATE PARENT COMPANY

Westwinds Offshore Services Limited (incorporated in Isle of Man) is regarded by the directors as being the company's ultimate parent company.

21. 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.

During the current accounting period, the company borrowed funds from its parent, Leyland Holding Company Limited, to support its ongoing working capital. At the balance sheet date, there was a balance due of £782,442. No interest has been charged and there are no formal repayment terms.

22. CONTROLLING PARTY

The controlling party is Leyland Holding Company Limited.

The registered address of Leyland Holding Company is 3 Centurion Court, Centurion Way, Leyland, Lancashire.