

REGISTERED NUMBER: 04279501 (England and Wales)

Strategic Report,  
Report of the Directors and  
Financial Statements  
for the Year Ended 31 December 2015  
for  
Bifrangì UK Limited

THURSDAY



\*A599YFSR\*

A17

16/06/2016

#48

COMPANIES HOUSE

**Contents of the Financial Statements**  
**for the Year Ended 31 December 2015**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>4</b>
<b>Report of the Independent Auditors</b>	<b>6</b>
<b>Income Statement</b>	<b>7</b>
<b>Other Comprehensive Income</b>	<b>8</b>
<b>Balance Sheet</b>	<b>9</b>
<b>Statement of Changes in Equity</b>	<b>10</b>
<b>Cash Flow Statement</b>	<b>11</b>
<b>Notes to the Cash Flow Statement</b>	<b>12</b>
<b>Notes to the Financial Statements</b>	<b>13</b>
<b>Reconciliation of Equity</b>	<b>20</b>
<b>Reconciliation of Profit</b>	<b>23</b>

**Bifrangi UK Limited**  
**Company Information**  
**for the Year Ended 31 December 2015**

**DIRECTORS:**

R Biasion  
Ms P Biasion  
F Biasion

**REGISTERED OFFICE:**

Shardlow Works  
Grange Mill Lane  
Meadowhall  
Sheffield  
S9 1HR

**REGISTERED NUMBER:**

04279501 (England and Wales)

**SENIOR STATUTORY AUDITOR:**

James Sewell BA (Hons) FCA CTA

**AUDITORS:**

Wright Vigar Limited  
Statutory Auditors  
Chartered Accountants & Business Advisers  
15 Newland  
Lincoln  
Lincolnshire  
LN1 1XG

**Strategic Report**  
**for the Year Ended 31 December 2015**

The directors present their strategic report and the financial statements for the year ended 31 December 2015.

**PRINCIPAL ACTIVITIES**

The principal activity of the company during the year was the forging and machining of crankshafts for the automotive industry and the forging of flight and rack bars for the mining industry.

**REVIEW OF BUSINESS**

Bifrangi UK Limited, operates a forging facility in Lincoln and a machining facility in Sheffield. The Company's results for the year ended 31 December 2015 show a post tax loss £1,174k (2014: £218k profit) on sales of £20,107k (2014: £26,422k).

Significant ongoing investment has been made in the new press and Research and Development facility at the Lincoln site. Tangible assets of the company including land, buildings and plant now have a net book value of £41,754k as at 31 December 2015 (2014: £37,734k). This continued investment will ensure that the company is in a strong position to capitalise on future opportunities.

Specifically the investment will give the company a considerable advantage in the large crankshaft market and also enable the company to diversify into new markets and reduce its current reliance on crankshaft manufacture. The new press is installed and is expected to commence trials in quarter 2 of 2016.

The company has suffered this year with major down turns in its principal markets, these being, agriculture, mining and power generation. During the year the business has made entry into new markets, and it expected that these will grow in future years. The company has also won two new contracts to assist with the development of 4 new crankshafts for the market with full-scale production envisaged to commence in 2019/2020.

The Company, supported by its parent company Bifrangi S P A, is well placed to build on this in future years.

The objectives of the Company are to grow the business not only in existing markets but also new ones. In 2015 Bifrangi UK commenced manufacturing parts for the Wind Energy Market and wheels for the Industrial Market. With the new research and development centre coming on line, the group will be developing business in petrochemical and still aims to supply into the aerospace markets within the next ten years. The current investment programme at the Lincoln facility makes this forging site one of the best and most advanced forging units in the world. The Board has a philosophy of investing in people and is currently re-organising the management team to help lead the business forward and to ensure that the Company's strategy is achieved. The Company, with the full support of its owners, will continue to invest where it identifies requirement and a demand from its customers.

Supplying our customers with quality products at competitive prices remains a key focus, and the business is continually seeking cost reductions, and improved efficiency through better use of resources.

The Company uses a range of measures to monitor performance including the preparation and review of monthly management accounts and weekly key performance indicators on receipt of orders, production, costs, sales and cash flow.

**RESEARCH AND DEVELOPMENT**

Construction of the Research and Development centre at the Lincoln facility was completed in the first months of 2016 and installation of the latest state of the art equipment is on-going.

The Research and Development centre will enable Bifrangi to guarantee the quality of the products it supplies especially in markets where it is essential that high quality is maintained. The Company is confident that this exceptionally well equipped facility will give the business a market edge as Bifrangi will be able to guarantee, with its in-house testing, the quality of the products it supplies.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The business has and continues to face risks from both competition (national and international) and the general level of demand in the market. Over the last two years Bifrangi has seen demand from many customers reduce. Demand and mix from customers can and does change frequently, often at short notice. Bifrangi strives to be flexible at all times and works closely with its customers to accommodate this. The investment in the facilities will aid the flexibility and diversity of products that the company can offer.

Demand for products has reduced worldwide and there are few short term opportunities for new business; but new market penetration supported by the Research and Development facility and improvements in production processes will help drive the business forward and these will have long term benefits for the growth of the Company.

**FINANCIAL INSTRUMENTS**

The Company trades with both customers and suppliers in Sterling, Euros and US Dollars. For normal trading there is a natural offset in these currencies and as such the Company does not ordinarily place forward currency contracts, however the Directors continue to monitor the needs of the Company on an ongoing basis.

**Strategic Report**  
**for the Year Ended 31 December 2015**

**EMPLOYEE INVOLVEMENT AND DISABLED EMPLOYEES**

Consultation with employees is done via the union representatives. Meetings are on an ad hoc basis or by need. Information is passed via trade union representatives at site meetings or by local management to small groups of employees.

Recruitment is not a recurring situation at Bifrangì UK Limited, but the company does not discriminate against individuals on grounds of disability when vacancies occur.


Employees who are infirm through ill health or injury are accommodated in various forms such as;

- risk assessment of tasks and suitable adjustments to enable the tasks to be undertaken
- work times adjusted to cater for physical difficulties
- job retraining into a services task rather than front end direct work

Counselling and support is given by our active and knowledgeable Health & Safety Department. The company employs a nurse at both sites to oversee work regimes for those not fully active. Long periods of absences are followed by lead in programs and careful monitoring to ensure employees gain working fitness in an efficient and effective manner.

**ON BEHALF OF THE BOARD:**

F Biasion - Director

  
14 April 2016

**Report of the Directors**  
**for the Year Ended 31 December 2015**

The directors present their report with the financial statements of the company for the year ended 31 December 2015.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2015.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2015 to the date of this report.

R Biasion  
G Saretta  
Ms P Biasion  
F Biasion

Other changes in directors holding office are as follows:

G Saretta ceased to be a director after 31 December 2015 but prior to the date of this report.

**DISCLOSURE IN THE STRATEGIC REPORT**

The following items, required under Section 1 of Schedule 7 to the Large and Medium-sized Companies and Group (Accounts and Reports Regulations) 2008, are set out in the strategic report in accordance with Section 414(C)11 of the Companies Act 2006:

- Financial instruments
- Future developments and research and development
- Employees and disabled employees

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

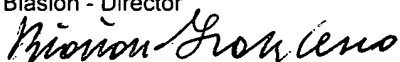
**Report of the Directors**  
**for the Year Ended 31 December 2015**

**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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**

F Biasion - Director

A handwritten signature in black ink, appearing to read 'F Biasion', written over a horizontal line.

14 April 2016

**Report of the Independent Auditors to the Members of**  
**Bifrang UK Limited**

We have audited the financial statements of Bifrang UK Limited for the year ended 31 December 2015 on pages seven to twenty three. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

**Respective responsibilities of directors and auditors**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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.

**Matters on which we are required to report by exception**

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

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



James Sewell BA (Hons) FCA CTA (Senior Statutory Auditor)  
for and on behalf of Wright Vigar Limited  
Statutory Auditors  
Chartered Accountants & Business Advisers  
15 Newland  
Lincoln  
Lincolnshire  
LN1 1XG

14 April 2016



**Income Statement**  
**for the Year Ended 31 December 2015**

	Notes	2015	2014
		£	£
<b>TURNOVER</b>	2	20,106,692	26,422,435
Cost of sales		20,424,803	25,340,073
<b>GROSS (LOSS)/PROFIT</b>		(318,111)	1,082,362
Distribution costs		146,561	162,506
Administrative expenses		1,805,483	1,796,345
		1,952,044	1,958,851
		(2,270,155)	(876,489)
Other operating income		226,942	62,589
<b>OPERATING LOSS</b>	4	(2,043,213)	(813,900)
Exceptional administrative expenses	6	252,944	151,820
		(2,296,157)	(965,720)
Interest receivable and similar income	7	1,181,675	909,237
		(1,114,482)	(56,483)
Interest payable and similar charges	8	83,053	20,303
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(1,197,535)	(76,786)
Tax on loss on ordinary activities	9	(24,008)	(295,164)
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		(1,173,527)	218,378

The notes form part of these financial statements

**Bifrangi UK Limited (Registered number: 04279501)**

**Other Comprehensive Income**  
**for the Year Ended 31 December 2015**

	Notes	2015 £	2014- £
(LOSS)/PROFIT FOR THE YEAR		(1,173,527)	218,378
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(1,173,527)</u>	<u>218,378</u>

The notes form part of these financial statements

**Balance Sheet**  
**31 December 2015**

	Notes	2015	2014
		£	£
<b>FIXED ASSETS</b>			
Intangible assets	10	-	-
Tangible assets	11	41,754,051	37,734,177
		<u>41,754,051</u>	<u>37,734,177</u>
<b>CURRENT ASSETS</b>			
Stocks	12	5,106,756	7,756,709
Debtors	13	2,555,610	3,559,712
Cash at bank		2,159,053	1,481,893
		<u>9,821,419</u>	<u>12,798,314</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	15,120,999	10,205,202
		<u>15,120,999</u>	<u>10,205,202</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(5,299,580)</u>	<u>2,593,112</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		36,454,471	40,327,289
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	(17,056,877)	(19,756,168)
<b>PROVISIONS FOR LIABILITIES</b>	18	(210,137)	(210,137)
		<u>(17,267,014)</u>	<u>(19,966,305)</u>
<b>NET ASSETS</b>		<u>19,187,457</u>	<u>20,360,984</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	4,000,000	4,000,000
Capital contribution	20	963,517	963,517
Retained earnings	20	14,223,940	15,397,467
		<u>19,187,457</u>	<u>20,360,984</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>19,187,457</u>	<u>20,360,984</u>

The financial statements were approved by the Board of Directors on 14 April 2016 and were signed on its behalf by:

F Biasion - Director



**Statement of Changes in Equity**  
**for the Year Ended 31 December 2015**

	Called up share capital £	Retained earnings £	Capital contribution £	Total equity £
<b>Balance at 1 January 2014</b>	4,000,000	15,179,089	514,684	19,693,773
<b>Changes in equity</b>				
Total comprehensive income	-	218,378	448,833	667,211
<b>Balance at 31 December 2014</b>	<u>4,000,000</u>	<u>15,397,467</u>	<u>963,517</u>	<u>20,360,984</u>
<b>Changes in equity</b>				
Total comprehensive income	-	(1,173,527)	-	(1,173,527)
<b>Balance at 31 December 2015</b>	<u>4,000,000</u>	<u>14,223,940</u>	<u>963,517</u>	<u>19,187,457</u>

**Cash Flow Statement  
for the Year Ended 31 December 2015**

	Notes	2015 £	2014 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	2,202,596	6,151,751
Interest paid		(83,053)	(20,303)
Tax paid		(124,822)	-
Net cash from operating activities		<u>1,994,721</u>	<u>6,131,448</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(5,425,818)	(14,312,565)
Interest received		(154,422)	(24,667)
Net cash from investing activities		<u>(5,580,240)</u>	<u>(14,337,232)</u>
<b>Cash flows from financing activities</b>			
New loans in year		<u>2,926,582</u>	<u>6,377,358</u>
Net cash from financing activities		<u>2,926,582</u>	<u>6,377,358</u>
<b>Decrease in cash and cash equivalents</b>		<u>(658,937)</u>	<u>(1,828,426)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	1,481,893	2,376,415
Effect of foreign exchange rate changes		1,336,097	933,904
<b>Cash and cash equivalents at end of year</b>	2	<u><u>2,159,053</u></u>	<u><u>1,481,893</u></u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement**  
**for the Year Ended 31 December 2015**

**1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2015	2014
	£	£
Loss before taxation	(1,197,535)	(76,786)
Depreciation charges	1,405,944	1,340,523
Finance costs	83,053	20,303
Finance income	(1,181,675)	(909,237)
	(890,213)	374,803
Decrease in stocks	2,649,953	334,342
Decrease in trade and other debtors	1,004,102	828,391
(Decrease)/increase in trade and other creditors	(561,246)	4,614,215
<b>Cash generated from operations</b>	<b>2,202,596</b>	<b>6,151,751</b>

**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 31 December 2015**

	31.12.15	1.1.15
	£	£
Cash and cash equivalents	2,159,053	1,481,893

**Year ended 31 December 2014**

	31.12.14	1.1.14
	£	£
Cash and cash equivalents	1,481,893	2,376,503
Bank overdrafts	-	(88)
	1,481,893	2,376,415

**Notes to the Financial Statements**  
**for the Year Ended 31 December 2015**

**1. 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.

**Going concern**

The company will receive continued support from the company's ultimate holding company, Bifrangì S P A. In 2012 Bifrangì S P A agreed to provide Bifrangì UK Limited a further loan of €8,000,000 on top of the loan of €4,000,000. The purpose of the loan is to provide sufficient funds to enable the company to meet both the capital commitments and any other liabilities as they fall due.

**Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

**Goodwill**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

Goodwill arising on business acquisition, representing the difference between the fair value of the consideration given and the fair value of the assets acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 5 years. The useful economic life of buildings from 31 December 2005 was reassessed for an additional 6 years therefore goodwill relating to the acquisition of these buildings is being written off over an additional 6 years.

**Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases.

Freehold buildings	- 2-4% straight line
Plant & machinery	- 5-25% straight line

**Stocks and work in progress**

Stock and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Cost is determined on the weighted average cost formula.

**Deferred tax**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

**Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the income statement.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2015**

**1. ACCOUNTING POLICIES - continued**

**Leasing and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownerships 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 income statement so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

**Government grants**

Government grant income is recognised when it is received. Grants relating to the purchase of assets are treated as deferred income and allocated to the income statement over the useful economic lives of the related assets while grants relating to expenses are treated as other income in the income statement.

**Loans and borrowings**

Loan and borrowings are initially measured at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

**Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The company has elected to treat the date of transition to FRS102 (1 January 2014) as the commencement date of the capitalisation of interest on qualifying assets.

All other borrowing costs are recognised in income statement in the period in which they are incurred.

**2. TURNOVER**

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2015 £	2014 £
United Kingdom	4,021,923	5,300,262
Europe	7,509,111	8,548,731
Rest of world	8,575,658	12,573,442
	<u>20,106,692</u>	<u>26,422,435</u>

The whole of the turnover is attributable to one class of business.

**3. STAFF COSTS**

	2015 £	2014 £
Wages and salaries	5,158,320	5,968,860
Social security costs	484,373	575,113
Other pension costs	281,131	279,582
	<u>5,923,824</u>	<u>6,823,555</u>



**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2015**

**3. STAFF COSTS - continued**

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

	2015	2014
Production	172	199
Administration	29	32
Directors	4	4
	<u>205</u>	<u>235</u>

**4. OPERATING LOSS**

The operating loss is stated after charging:

	2015 £	2014 £
Operating lease rentals - plant and machinery	28,379	78,705
Depreciation - owned assets	<u>1,405,944</u>	<u>1,340,523</u>
Directors' remuneration	<u>178,766</u>	<u>186,554</u>

**5. AUDITORS' REMUNERATION**

	2015 £	2014 £
Fees payable to the company's auditor for the audit of the company's annual accounts	23,000	22,000
Fees payable to the company's auditor and its associates in respect of - All other services	2,150	1,650

**6. EXCEPTIONAL ADMINISTRATIVE EXPENSES**

The exceptional administrative expenses relate to redundancy costs for 2015 and 2014.

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2015 £	2014 £
Exchange gains	<u>1,181,675</u>	<u>909,237</u>

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	2015 £	2014 £
Other interest	20,000	20,303
Loan interest	<u>63,053</u>	<u>-</u>
	<u>83,053</u>	<u>20,303</u>

**9. TAXATION**

**Analysis of the tax credit**

The tax credit on the loss on ordinary activities for the year was as follows:

	2015 £	2014 £
Current tax: Overprovision	(24,008)	-
Deferred tax	-	(295,164)
Tax on loss on ordinary activities	<u>(24,008)</u>	<u>(295,164)</u>

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2015**

**9. TAXATION - continued**

**Reconciliation of total tax credit included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2015 £	2014 £
Loss on ordinary activities before tax	<u>(1,197,535)</u>	<u>(76,786)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2014 - 21%)	(239,507)	(16,125)
Effects of:		
Capital allowances in excess of depreciation	(22,863)	(6,552)
Tax losses carried forward	262,370	79,691
Overprovision	(24,008)	-
Deferred tax movement	-	(295,164)
Capitalisation of borrowing costs and foreign exchange movement	<u>-</u>	<u>(57,014)</u>
Total tax credit	<u>(24,008)</u>	<u>(295,164)</u>

**10. INTANGIBLE FIXED ASSETS**

	Goodwill £
<b>COST</b>	
At 1 January 2015 and 31 December 2015	<u>(12,045,650)</u>
<b>AMORTISATION</b>	
At 1 January 2015 and 31 December 2015	<u>(12,045,650)</u>
<b>NET BOOK VALUE</b>	
At 31 December 2015	<u><u>-</u></u>
At 31 December 2014	<u><u>-</u></u>

**11. TANGIBLE FIXED ASSETS**

	Freehold property £	Plant and machinery £	Totals £
<b>COST</b>			
At 1 January 2015	13,015,950	56,966,360	69,982,310
Additions	<u>20,819</u>	<u>5,404,999</u>	<u>5,425,818</u>
At 31 December 2015	<u>13,036,769</u>	<u>62,371,359</u>	<u>75,408,128</u>
<b>DEPRECIATION</b>			
At 1 January 2015	830,816	31,417,317	32,248,133
Charge for year	<u>206,712</u>	<u>1,199,232</u>	<u>1,405,944</u>
At 31 December 2015	<u>1,037,528</u>	<u>32,616,549</u>	<u>33,654,077</u>
<b>NET BOOK VALUE</b>			
At 31 December 2015	<u><u>11,999,241</u></u>	<u><u>29,754,810</u></u>	<u><u>41,754,051</u></u>
At 31 December 2014	<u><u>12,185,134</u></u>	<u><u>25,549,043</u></u>	<u><u>37,734,177</u></u>

Included in cost of land and buildings is freehold land of £2,040,000 (2014 - £2,040,000) which is not depreciated.

Included in additions to Plant and machinery is interest capitalised of £435,434 (2014: £476,388). Interest was capitalised at the rate of 2.5% (2014: 2.5%).

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2015**

<b>12. STOCKS</b>	<b>2015</b>	<b>2014</b>
	£	£
Raw materials	1,872,790	3,304,413
Work-in-progress	2,092,598	2,593,001
Finished goods	1,141,368	1,859,295
	<u>5,106,756</u>	<u>7,756,709</u>
<b>13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2015</b>	<b>2014</b>
	£	£
Trade debtors	1,796,229	3,152,039
Amounts owed by group undertakings	649,293	-
Other debtors	1,496	1,958
VAT	75,194	93,504
Prepayments and accrued income	33,398	312,211
	<u>2,555,610</u>	<u>3,559,712</u>
<b>14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2015</b>	<b>2014</b>
	£	£
Debentures (see note 16)	1,000,000	-
Other loans (see note 16)	4,300,371	-
Trade creditors	1,971,785	3,168,581
Amounts owed to group undertakings	2,889,457	2,398,635
Tax	-	148,830
Social security and other taxes	124,428	179,618
Other creditors	164,071	295,537
Accruals and deferred income	4,670,887	4,014,001
	<u>15,120,999</u>	<u>10,205,202</u>
<b>15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	<b>2015</b>	<b>2014</b>
	£	£
Debentures (see note 16)	-	1,000,000
Other loans (see note 16)	9,531,785	10,905,574
Amounts owed to group undertakings	7,525,092	7,850,594
	<u>17,056,877</u>	<u>19,756,168</u>

Included in amounts owed to group undertakings is a total loan of €11,000,000. This loan is repayable in instalments commencing on 31 December 2017.

Interest was chargeable at 2% per annum until 1 January 2015. After this date interest is chargeable at 0.5%.

Other loans represents the loan made by Boltex Inc, a company under common ownership. The company received an additional loan in 2014 of €7,200,000. The total loan of €14,000,000, of which €12,000,000 is included in the amount above, is repayable in seven equal annual instalments commencing on 1 June 2016.

Interest is chargeable at 2.5% per annum.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2015**

**16. LOANS**

An analysis of the maturity of loans is given below:

	2015 £	2014 £
Amounts falling due within one year or on demand:		
Debentures	1,000,000	-
Other loans	4,300,371	-
	<u>5,300,371</u>	<u>-</u>
Amounts falling due between two and five years:		
Debentures	-	1,000,000
Other loans	9,531,785	10,905,574
	<u>9,531,785</u>	<u>11,905,574</u>

**17. SECURED DEBTS**

Short term borrowings are secured by guarantee given by the company's parent, Bifrangì S P A.

The loans with Boltex Inc are secured by way of (a) fixed charge over the Chattels and (b) assignment of the Borrower's rights under certain agreements and insurance policies associated with the acquisition, operation and maintenance of the Chattels.

**18. PROVISIONS FOR LIABILITIES**

	2015 £	2014 £
Deferred tax	<u>210,137</u>	<u>210,137</u>
		Deferred tax £
Balance at 1 January 2015		<u>210,137</u>
Balance at 31 December 2015		<u>210,137</u>

**19. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	2015 £	2014 £
4,000,000	Ordinary		<u>4,000,000</u>	<u>4,000,000</u>

**20. RESERVES**

	Retained earnings £	Capital contribution £	Totals £
At 1 January 2015	15,397,467	963,517	16,360,984
Deficit for the year	(1,173,527)		(1,173,527)
At 31 December 2015	<u>14,223,940</u>	<u>963,517</u>	<u>15,187,457</u>

**21. CAPITAL COMMITMENTS**

	2015 £	2014 £
Contracted but not provided for in the financial statements	<u>2,947,720</u>	<u>8,047,753</u>

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2015**

**22. RELATED PARTY TRANSACTIONS**

**Fincoil S R L**

Included within creditors due within one year is a £1,000,000 (2014: £1,000,000 due in more than one year) advance from Fincoil S R L, a company which owns 40% of this company's share capital. As at 31 December 2015 the loan is repayable on 31 December 2016. After the year end Fincoil S R L postponed the repayment of the loan until 31 December 2017 (see post balance sheet events). Interest totalling £40,000 (2014: £40,000) was outstanding at 31 December 2015 and is included in accruals.

**Bifrangì S P A**

The company has loans outstanding to its parent company Bifrangì S P A of €11,000,000 (2014: €11,000,000). The total translated balance outstanding at the year end is £7,525,092 (2014: £7,850,594) which is due after more than one year. This translated balance is based on the net present value of future cash payments which has been discounted at a market rate of interest.

The company trades with its parent company Bifrangì S P A. During the year the company acquired goods and services to the value of £601,699 (2014: £807,958) from Bifrangì S P A and made sales to Bifrangì S P A of £604,844 (2014: £28,197).

At the year end amounts owed by/to Bifrangì S P A were £649,283 and £2,889,457 (2014: £2,398,635 owed to) respectively. These amounts are shown within amounts owed by/to group undertaking.

**Boltex Inc**

During the year the company made purchases totalling £470,561 (2014: £348,168) from Boltex Inc, a company under common ownership. Trade creditors includes £Nil (2014: £370,620) due to Boltex Inc.

In 2013 the company took out a loan with Boltex Inc to the value of €14,000,000. The total translated balance outstanding at the year end is £11,005,645 (2014: £10,905,574) of which £1,473,860 is due within one year.

Within the year Boltex Inc loaned the company an additional \$5,000,000. The total translated balance outstanding at the year end is £2,826,511. No repayment terms have been agreed and as such the loan has been classified as 'on demand' and shown within creditors due within one year.

**23. POST BALANCE SHEET EVENTS**

On 22 March 2016, Fincoil S R L postponed the repayment of the loan of £1,000,000 until 31 December 2017. This loan was due for repayment on 31 December 2016.

**24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company is controlled by Bifrangì S P A.

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Bifrangì S P A, a company incorporated in Italy. Consolidated accounts are available from Sede in Via Manzoni, 14, 36065 Mussoletti, 14.

In the opinion of the directors this is the company's ultimate parent company.

Bifrangì S P A is ultimately controlled by F Biasion.

**Reconciliation of Equity**  
**1 January 2014**  
**(Date of Transition to FRS 102)**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
<b>FIXED ASSETS</b>				
Tangible assets	B	24,762,135	-	24,762,135
<b>CURRENT ASSETS</b>				
Stocks		8,091,051	-	8,091,051
Debtors		4,388,103	-	4,388,103
Cash at bank		2,376,503	-	2,376,503
		14,855,657	-	14,855,657
<b>CREDITORS</b>				
Amounts falling due within one year		(6,761,642)	-	(6,761,642)
<b>NET CURRENT ASSETS</b>		8,094,015	-	8,094,015
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		32,856,150	-	32,856,150
<b>CREDITORS</b>				
Amounts falling due after more than one year	A	(13,171,760)	514,684	(12,657,076)
<b>PROVISIONS FOR LIABILITIES</b>		(505,301)	-	(505,301)
<b>NET ASSETS</b>		19,179,089	514,684	19,693,773
<b>CAPITAL AND RESERVES</b>				
Called up share capital		4,000,000	-	4,000,000
Capital contribution	A	-	514,684	514,684
Retained earnings	C	15,179,089	-	15,179,089
<b>SHAREHOLDERS' FUNDS</b>		19,179,089	514,684	19,693,773

**Reconciliation of Equity - continued**  
**31 December 2014**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
<b>FIXED ASSETS</b>				
Tangible assets	B	37,257,789	476,388	37,734,177
<b>CURRENT ASSETS</b>				
Stocks		7,756,709	-	7,756,709
Debtors		3,559,712	-	3,559,712
Cash at bank		1,481,893	-	1,481,893
		12,798,314	-	12,798,314
<b>CREDITORS</b>				
Amounts falling due within one year		(10,045,113)	(160,089)	(10,205,202)
<b>NET CURRENT ASSETS</b>		2,753,201	(160,089)	2,593,112
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		40,010,990	316,299	40,327,289
<b>CREDITORS</b>				
Amounts falling due after more than one year	A	(20,674,883)	918,715	(19,756,168)
<b>PROVISIONS FOR LIABILITIES</b>		(210,137)	-	(210,137)
<b>NET ASSETS</b>		19,125,970	1,235,014	20,360,984
<b>CAPITAL AND RESERVES</b>				
Called up share capital		4,000,000	-	4,000,000
Capital contribution	A	-	963,517	963,517
Retained earnings	C	15,125,970	271,497	15,397,467
<b>SHAREHOLDERS' FUNDS</b>		19,125,970	1,235,014	20,360,984

**Reconciliation of Equity - continued**  
**31 December 2014**

**Notes to the reconciliation of equity**

**Note A**

**Financial instruments**

A loan provided or received at no or a below market rate of interest constitutes a financing transaction. Paragraph 11.13 of FRS 102 requires that such a loan is measured at the present value of the future cash receipts or payments discounted at a market rate of interest of a similar financial asset or financial liability.

Previously under UK GAAP the loan is recognised initially at the amount of the net proceeds, which in most cases would be the amount borrowed.

Where a loan is made at a non-market rate of interest and the lender and the borrower are related parties because one owns the other or the lender and borrower are owned by the same entity or person, the difference arising on initial recognition of the loan would generally be accounted for as a distribution or capital contribution.

**Note B**

**Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The company has elected to treat the date of transition to FRS102 (1 January 2014) as the commencement date of the capitalisation of interest on qualifying assets.

**Note C**

**Retained earnings**

Per the changes that have arisen upon transition to FRS 102, as noted above, there has been movement in the retained earnings. This movement is due to a) the impact of applying a market rate of interest to the loans with Bifrangì S P A and b) the capitalisation of borrowing costs on qualifying assets.



**Bifranghi UK Limited (Registered number: 04279501)**

**Reconciliation of Loss or Profit  
for the Year Ended 31 December 2014**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
<b>TURNOVER</b>		26,422,435	-	26,422,435
Cost of sales		(25,340,073)	-	(25,340,073)
<b>GROSS PROFIT</b>		1,082,362	-	1,082,362
Distribution costs		(162,506)	-	(162,506)
Administrative expenses		(1,796,345)	-	(1,796,345)
Other operating income		62,589	-	62,589
<b>OPERATING LOSS</b>		(813,900)	-	(813,900)
Exceptional administrative expenses		(151,820)	-	(151,820)
Interest receivable and similar income		1,095,461	(186,224)	909,237
Interest payable and similar charges	A	(478,024)	457,721	(20,303)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(348,283)	271,497	(76,786)
Tax on loss on ordinary activities		295,164	-	295,164
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		(53,119)	271,497	218,378

The notes form part of these financial statements