Financial Statements Tube Bend Form International Ltd

For the Year Ended 30 September 2016

Registered number: 7154761

Company Information

Directors	A J Richardson C P Manamley M Blythe
Registered number	7154761
Registered office	Unit 7 Bloxwich Lane Industrial Estate Bloxwich Lane Walsall West Midlands WS2 8TF
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor The Colmore Building 20 Colmore Circus Birmingham West Midlands B4 6AT
Bankers	National Westminster Bank plc 134b New Street Birmingham B2 4NS

Contents

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 4
Statement of comprehensive income	5
Statement of financial position	6 - 7
Statement of changes in equity	7
Notes to the financial statements	8 - 22

Directors' report
For the Year Ended 30 September 2016

The directors present their report and the financial statements for the year ended 30 September 2016.

Directors

The directors who served during the year were:

A J Richardson
C P Manamley
M Blythe

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

Directors' report (continued)
For the Year Ended 30 September 2016

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small Companies Note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

C P Manamley
Director

Date: 8 December 2016

Grant Thornton

Independent Auditor's Report to the Shareholders of Tube Bend Form International Ltd

We have audited the financial statements of Tube Bend Form International Ltd for the year ended 30 September 2016, set out on pages 5 to 22. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the 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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 30 September 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the for the financial year for which the financial statements are prepared is consistent with those financial statements.

Grant Thornton

Independent Auditor's Report to the Shareholders of Tube Bend Form International Ltd (continued)

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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Grant Thornton UK LLP

Rebecca Eagle (Senior statutory auditor)

for and on behalf of
Grant Thornton UK LLP

Chartered Accountants
Statutory Auditor

The Colmore Building
20 Colmore Circus
Birmingham
West Midlands
B4 6AT

8 December 2016

Statement of comprehensive income
For the Year Ended 30 September 2016

	Note	2016 £	2015 £
Turnover	4	**1,375,820**	1,706,724
Cost of sales		**(1,111,993)**	(1,392,998)
Gross profit		**263,827**	313,726
Administrative expenses		**(234,986)**	(188,555)
Other operating income	5	**15,582**	15,582
Operating profit	6	**44,423**	140,753
Interest payable and expenses	8	**(8,480)**	(14,104)
Profit before tax		**35,943**	126,649
Tax on profit	9	**(6,124)**	(17,645)
Profit for the year		**29,819**	109,004

There was no other comprehensive income for 2016 (2015:£NIL).

The notes on pages 8 to 22 form part of these financial statements.

Tube Bend Form International Ltd
Registered number:7154761

Statement of financial position
As at 30 September 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	11		**236,844**		277,995
			236,844		277,995
Current assets					
Stocks	12	**47,262**		43,637	
Debtors	13	**450,751**		528,023	
Cash at bank and in hand	14	**7,780**		131,337	
		505,793		702,997	
Creditors: amounts falling due within one year	15	**(390,766)**		(538,070)	
Net current assets			**115,027**		164,927
Total assets less current liabilities			**351,871**		442,922
Creditors: amounts falling due after more than one year	16		**(143,610)**		(159,192)
Provisions for liabilities					
Deferred tax	19	**(9,587)**		(14,875)	
			(9,587)		(14,875)
Net assets			**198,674**		268,855
Capital and reserves					
Called up share capital	20		**100**		100
Share premium account	21		**11,992**		11,992
Capital redemption reserve	21		**8**		8
Profit and loss account	21		**186,574**		256,755
			198,674		268,855

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

C P Manamley
Director

Date: 8 December 2016

Statement of financial position (continued)
As at 30 September 2016

The notes on pages 8 to 22 form part of these financial statements.

Statement of changes in equity
For the Year Ended 30 September 2016

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2015	100	11,992	8	256,755	268,855
Comprehensive income for the year					
Profit for the year	-	-	-	29,819	29,819
Total comprehensive income for the year	-	-	-	29,819	29,819
Dividends: Equity capital	-	-	-	(100,000)	(100,000)
At 30 September 2016	100	11,992	8	186,574	198,674

Statement of changes in equity
For the Year Ended 30 September 2015

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2014	100	11,992	8	147,751	159,851
Comprehensive income for the year					
Profit for the year	-	-	-	109,004	109,004
Total comprehensive income for the year	-	-	-	109,004	109,004
At 30 September 2015	100	11,992	8	256,755	268,855

The notes on pages 8 to 22 form part of these financial statements.

Notes to the financial statements
For the Year Ended 30 September 2016

1. General information

Tube Bend Form International Limited is a limited liability company incorporated in England and Wales, its registered office is Unit 7, Bloxwich Lane Industrial Estate Bloxwich Lane Walsall WS2 8TF. The principle activity of the business is tube manipulation, machining and welding of metal applications.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

Information on the impact of first-time adoption of FRS 102 is given in note 27.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Arc Specialist Engineering Limited as at 30 September 2016 and these financial statements may be obtained from Companies House.

2.3 Going concern

The directors have prepared forecasts extending to December 2017 and are satisfied that the company has adequate resources to fund its day to day requirements, growth and strategic objectives for the foreseeable future. Accordingly, the financial statements have been prepared on the going concern basis.

Notes to the financial statements
For the Year Ended 30 September 2016

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

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

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 10% straight line
Fixtures and fittings	- 10% - 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first outbasis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Notes to the financial statements
For the Year Ended 30 September 2016

2. Accounting policies (continued)

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the financial statements
For the Year Ended 30 September 2016

2. Accounting policies (continued)

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

2.12 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.14 Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the income statement when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

Notes to the financial statements
For the Year Ended 30 September 2016

2. Accounting policies (continued)

2.16 Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.19 Invoice discounting

The company has an invoice discounting facility in place whereby debts are factored with recourse. Trade debtors are shown gross and the cash advances from the factor are shown within creditors. The factoring has been assessed as being in substance, financing.

Notes to the financial statements
For the Year Ended 30 September 2016

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates.

The items in the financial statements where these judgments and estimates have been made include:

Trade debtors

Trade debtors consist of amounts due from customers. An allowance for doubtful debts is maintained for estimated losses resulting from the inability of the company's customers to make required payments. The allowance is based on the company's regular assessment of the credit worthiness and financial conditions of customers.

Stock

Stock is valued at the lower of cost and net realisable value. Cost is determined on an overhead allocation basis. Net realisable value is determined by management with reference to market value, considering contracted future sales. Certain factors could affect the net realisable value of the company's stocks, including customer demand and market conditions.

4. Turnover

The whole of the turnover is attributable to the principle activity of the company.

All turnover arose within the United Kingdom.

5. Other operating income

	2016	2015
	£	£
Release of government grant creditor	**15,582**	15,582

6. Operating profit

The operating profit is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets	**43,712**	42,784
Other operating lease rentals	**54,768**	65,265
Defined contribution pension cost	**3,378**	6,235

During the year, no director received any emoluments (2015 -£NIL).

Notes to the financial statements
For the Year Ended 30 September 2016

7. Employees

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	**392,810**	360,995
Social security costs	**29,943**	29,752
Cost of defined contribution scheme	**3,378**	6,235
	426,131	396,982

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

	2016 No.	2015 No.
Administrative	**8**	8
Manufacturing	**10**	9
	18	17

8. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	**8,480**	14,104

9. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	**10,784**	21,924
Adjustments in respect of previous periods	**628**	(3,003)
	11,412	18,921
Total current tax	**11,412**	18,921
Deferred tax		
Origination and reversal of timing differences	**(5,288)**	1,276
Adjustment in respect of prior periods	**-**	(2,552)
Total deferred tax	**(5,288)**	(1,276)
Taxation on profit on ordinary activities	**6,124**	17,645

Notes to the financial statements
For the Year Ended 30 September 2016

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 -lower than) the standard rate of corporation tax in the UK of 20% (2015 -20.5%). The differences are explained below:

	2016	2015
	£	£
Profit on ordinary activities before tax	**35,943**	126,649
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.0% (2015 -20.5%)	**7,189**	25,963
Effects of:		
Utilisation of tax losses	**-**	(1,795)
Adjustments to tax charge in respect of prior periods	**628**	(3,003)
Short term timing difference leading to an increase (decrease) in taxation	**(1,693)**	(788)
Group relief	**-**	(2,630)
Marginal relief	**-**	(102)
Total tax charge for the year	**6,124**	17,645

Factors that may affect future tax charges

The main rate of corporation tax will reduce from 1 April 2017 to 19% and to 18% from 1 April 2020 (a change which was substantively enacted as of 21 July 2015 as part of Finance Bill 2015).

10. Dividends

	2016	2015
	£	£
Dividends paid on equity capital	**100,000**	-
	100,000	-

Notes to the financial statements

For the Year Ended 30 September 2016

11. Tangible fixed assets

	Plant and machinery	Fixtures and fittings	Total
	£	£	£
Cost or valuation			
At 1 October 2015	425,288	10,395	435,683
Additions	-	2,561	2,561
At 30 September 2016	425,288	12,956	438,244
Depreciation			
At 1 October 2015	153,412	4,276	157,688
Charge for period on owned assets	41,640	2,072	43,712
At 30 September 2016	195,052	6,348	201,400
Net book value			
At 30 September 2016	230,236	6,608	236,844
At 30 September 2015	271,876	6,119	277,995

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

	2016	2015
	£	£
Plant and machinery	207,950	245,050
	207,950	245,050

12. Stocks

	2016	2015
	£	£
Raw materials and consumables	26,880	32,532
Finished goods and goods for resale	20,382	11,105
	47,262	43,637

Stock recognised in cost of sales during the year as an expense was £547,562 (2015 - £789,018).

An impairment loss of £NIL (2015 -£NIL) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

Notes to the financial statements
For the Year Ended 30 September 2016

13. Debtors

	2016	2015
	£	£
Due after more than one year		
Other debtors	**16,675**	16,675
	16,675	16,675
Due within one year		
Trade debtors	**224,363**	270,799
Amounts owed by group undertakings	**191,391**	218,234
Prepayments and accrued income	**18,322**	22,315
	450,751	528,023

14. Cash and cash equivalents

	2016	2015
	£	£
Cash at bank and in hand	**7,780**	131,337

Notes to the financial statements

For the Year Ended 30 September 2016

15. Creditors: Amounts falling due within one year

	2016	2015
	£	£
Bank loans	**71,853**	143,707
Invoice discounting facility	**140,899**	30,517
Trade creditors	**110,440**	236,497
Corporation tax	**10,784**	20,389
Taxation and social security	**14,100**	14,651
Other creditors	**9,746**	6,428
Accruals and deferred income	**32,944**	85,881
	390,766	538,070

Included within accruals and deferred income is a £15,582 (2015: £15,582) government grant creditor.

Bank loans consists of a loan with RBS Invoice Finance Limited. The loan is repayable in equal monthly instalments over 3 years from the date of draw down being 4 September 2015. Interest is payable at 2.5% plus The Royal Bank of Scotland plc's base rate per annum.

This facility holds an all asset debenture, including fixed and floating charge, over the company.

The invoice discounting facility is secured by a debenture over all the assets of the company. Finance leases are secured against the plant and machinery assets to which the lease agreement relates.

Notes to the financial statements

For the Year Ended 30 September 2016

16. Creditors: Amounts falling due after more than one year

	2016	2015
	£	£
Bank loans	**71,853**	71,853
Government grant creditor	**71,757**	87,339
	143,610	159,192

17. Creditors

The following liabilities were secured:

	2016	2015
	£	£
Bank loans	**143,706**	216,560
Invoice discounting facility	**140,899**	30,517
	284,605	247,077

Secured loans

The bank loan facility holds an all asset debenture, including fixed and floating charge, over the company.

The invoice discounting facility is secured by a debenture over all the assets of the company. Finance leases are secured against the plant and machinery assets to which the lease agreement relates.

Notes to the financial statements
For the Year Ended 30 September 2016

18. Financial instruments

	2016 £	2015 £
Financial assets		
Cash and cash equivalents	**7,780**	131,337
Financial assets measured at amortised cost	**416,382**	489,033
Financial liabilities		
Financial liabilities measured at amortised cost	**(368,595)**	(631,705)
	(368,595)	(631,705)

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts owed by group undertakings.

Financial Liabilities measured at amortised cost comprise bank loans, invoice discounting facilities, trade creditors, other creditors and accruals (not including deferred income).

Cash and cash equivalents compise cash in hand, deposits and highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convetible to known amounts of cash with insignificant risk of change in value.

19. Deferred taxation

	2016 £
At beginning of year	**14,875**
Credited to the profit or loss	**5,288**
At end of year	**9,587**

The provision for deferred taxation is made up as follows:

	2016 £
Accelerated capital allowances	**9,587**

20. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	**100**	100

Notes to the financial statements

For the Year Ended 30 September 2016

21. Reserves

Share premium

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Capital redemption reserve

The capital redemption reserve relates to the value of shares repurchased by the company.

Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses.

22. Contingent liabilities

The company and certain fellow group companies have entered into cross-guarantee agreements in relation to banking facilities with RBS Invoice Finance Limited and a loan made available from Metal Steel Jersey Limited made available to the group headed by Arc Specialist Engineering Limited. At 30 September 2016 the contingent liability under these arrangements was £7,907,239 (2015: £8,390,450).

23. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £3,378 (2015 - £6,235). Contributions totalling £nil (2015 - £630) were payable to the fund at the balance sheet date and are included in creditors.

24. Commitments under operating leases

At 30 September 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016	2015
	£	£
Not later than 1 year	**63,391**	61,149
Later than 1 year and not later than 5 years	**62,758**	60,121
Later than 5 years	**85,159**	141,376
	211,308	262,646

25. Related party transactions

The company has taken the exemption in FRS 8 not to disclose transactions with other wholly owned group companies.

Notes to the financial statements
For the Year Ended 30 September 2016

26. Controlling party

The immediate parent undertaking is Arc Specialist Engineering Limited, a company incorporated in the United Kingdom.

The group headed by Arc Specialist Engineering Limited, is the largest and smallest group of undertakings for which the group accounts which include the company are drawn up.

The ultimate parent company is Metalsteel Jersey Limited, a company incorporated in Jersey.

There is no overall controlling party of Metalsteel Jersey Limited as no one party holds more than 50% of the issued share capital.

27. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.