



TRICORN GROUP PLC
ANNUAL REPORT AND ACCOUNTS 2014



LAYING THE FOUNDATIONS FOR LONG TERM GROWTH
为长远发展奠定基础

Tricorn Group is the holding company for a group of companies that develop and manufacture pipe solutions to a growing and increasingly international customer base.

INVESTMENT PROPOSITION

- ▶ Tricorn's strategy is to grow & acquire engineering based businesses that supply blue chip OEM customers with attractive end markets.
- ▶ The focus within these engineering businesses is on manipulating pipes and tubular assemblies where double-digit operating margins can be achieved.
- ▶ Tricorn subsidiaries typically supply niche pipe solutions rather than those that can be considered commoditised.
- ▶ Principal markets currently addressed are Energy (power generation, mining, oil & gas), Transportation (on and off highway including trucks, construction & agriculture) and Aerospace (civil and military).

THE KEY ELEMENTS OF THIS APPROACH ARE:–



DRIVE FOR OPERATIONAL EXCELLENCE, ENSURING PRODUCTS AND SERVICES ARE GLOBALLY COMPETITIVE AND THAT CLASS LEADING QUALITY AND DELIVERY PERFORMANCE IS ACHIEVED.



IMPROVE MARGINS BY THE IMPLEMENTATION OF LEAN MANUFACTURING, INVESTING IN EMPLOYEE DEVELOPMENT, THE RESOURCING OF MATERIALS TO LOW COST COUNTRIES AND THE UTILISATION OF GROUP RESOURCES.



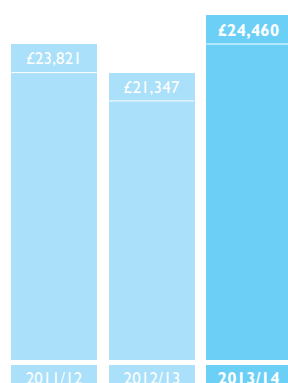
GROWTH. ORGANICALLY BY INCREASING SHARE WITHIN ITS CUSTOMERS AND DEVELOPING NEW CUSTOMERS. INORGANICALLY THROUGH SELECTIVE ACQUISITIONS WHERE TRICORN'S MANAGEMENT EXPERTISE CAN GENERATE SUFFICIENT ADDED VALUE.

“Investing in customer relationships through product innovation and expansion of international manufacturing capability.”

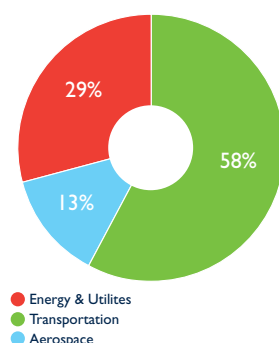
HIGHLIGHTS

- » Revenue up 14.6% to £24.46m
- » Sale of Redman Fittings business for £0.6m
- » Further progress in China including formation of joint venture
- » New business revenues continue to grow in US
- » Investment in product development

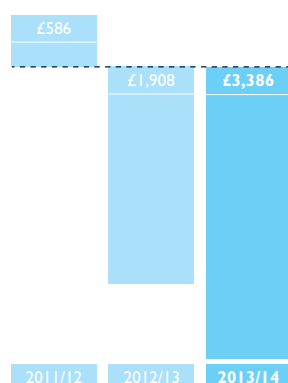
REVENUE restated
(£'000)



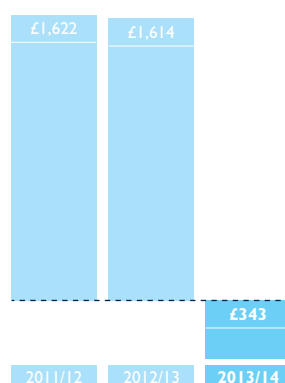
REVENUE BY SECTOR
(%)



NET DEBT/CASH
(£'000)



**ADJUSTED PROFIT/(LOSS)
BEFORE TAX**
(£'000)



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GROUP AT A GLANCE

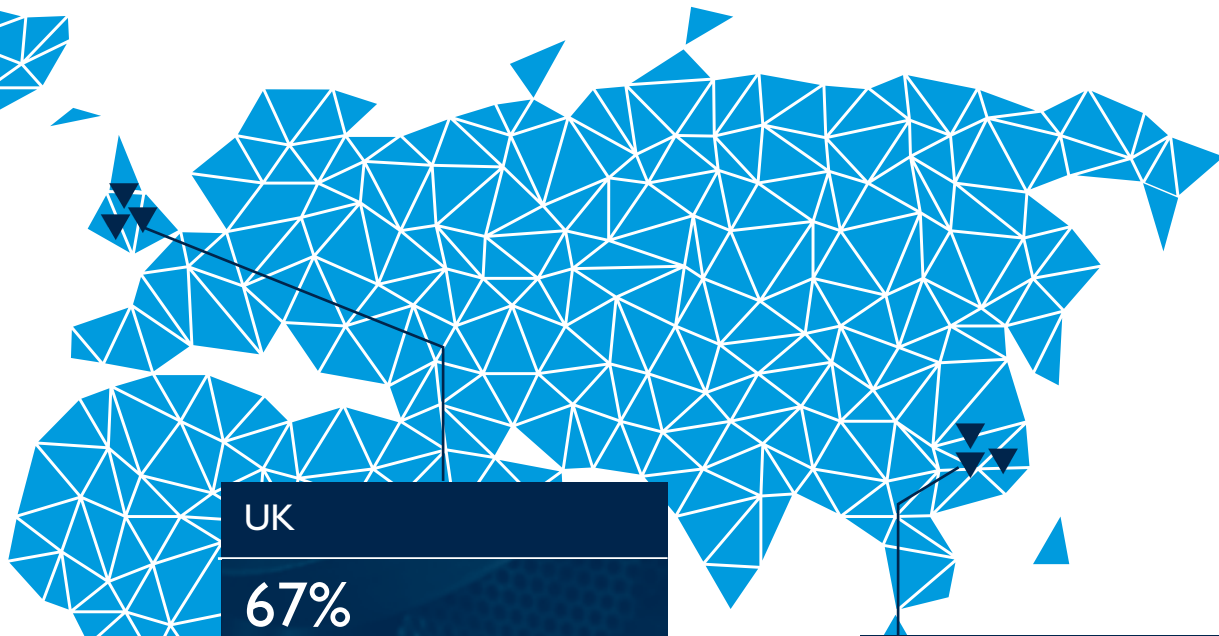
TIMELINE OF KEY EVENTS

- **NOVEMBER 2013**
– Disposed of Redman Fittings business
- **JULY 2013**
– Investment in joint venture, Minguang-Tricorn Tubular Products (Nanjing) Ltd
- **MARCH 2013**
– Acquired Franklin Tubular Products Inc
– First products shipped from our manufacturing facility in Wuxi, China
- **MARCH 2012**
– Announced investment in China manufacturing facility
- **JUNE 2007**
– Acquired Maxpower Automotive Ltd
- **JUNE 2006**
– Acquired RMDG Aerospace Ltd
- **JUNE 2005**
– China team based in Nanjing established
- **DECEMBER 2001**
– Listed on AIM

NORTH AMERICA

30%
of Group sales
120
employees





UK

67%
of Group sales
229
employees



CHINA

3%
of Group sales
55
employees



CHAIRMAN'S AND CHIEF EXECUTIVE'S STATEMENT

FOR THE YEAR ENDED 31 MARCH 2014



"Tricorn has made significant progress in laying the foundations for long term growth and has made further encouraging progress in strengthening relationships with its blue chip customers. With manufacturing facilities now established in the USA and China, the Group is well positioned to capitalise on the growth anticipated from these regions and as markets recover."

PERFORMANCE IN THE YEAR ENDED 31 MARCH 2014

The year has proved challenging with demand lower through the second half of the year when compared to the first half. Nevertheless, the Group has made significant progress in laying the foundations for long term growth and has made further encouraging progress in strengthening relationships with its blue chip customers.

Revenue for the year was up 14.6% at £24.460m (2013 restated: £21.347m). Underlying LBT was £0.343m (2013: PBT £1.614m). Given the results for the year, the Board is not recommending the payment of a final dividend.

The restructuring of the Energy and Aerospace businesses was completed as planned and the Group has continued to focus on maintaining a strong balance sheet. Overall cash inflow in the second half of the year was positive and net debt reduced from the half year position.

Whilst there have been some recent signs of improvements in our markets more recently, the Board remains cautious regarding the Group's short term prospects.

BUSINESS REVIEW

The Group operates three main business segments and, following the sale of the Redman Fittings business, is focused on the Energy, Transportation and Aerospace sectors. The businesses serve a global blue chip OEM customer base, many of whom have major facilities in the UK and throughout the world.

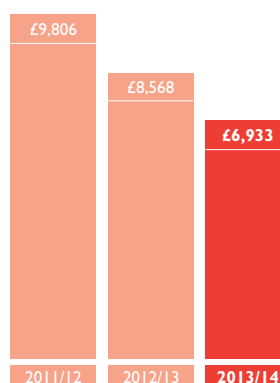
Increasingly, as these customers expand their manufacturing footprint, they are looking to develop close relationships with those suppliers who understand their requirements and are able to support their facilities worldwide. It is against this back drop that the Group has made significant progress in establishing a manufacturing capability in the USA and China, in addition to its facilities in the UK. Today the Group has six manufacturing facilities on three continents with around 90% of the final product ultimately destined for markets outside the UK.

ENERGY

The sale of Redman Fittings in November 2013 enabled the Malvern Tubular Components business to focus fully on its key capabilities in the design and fabrication of manipulated tubular assemblies for large diesel engines and radiator sets used within the Energy sector. The key markets served through its customers are power generation, mining and oil and gas applications.

With customers reporting weaker demand, particularly in the mining sector, revenue slowed through the second half, and for the year fell to £6.933m compared to £8.568m for the previous year. Costs have been reduced in response to these lower levels of demand with manufacturing now consolidated onto a single site. Markets appear to have stabilised and, while there is some ongoing fragility, the business is now much better positioned.

REVENUE (£'000)



TRANSPORTATION

The segment is focused on rigid, nylon and hybrid tubular products for engines, braking systems fuel sender sub-systems and hydraulic actuation in a variety of on and off road applications including construction, trucks and agriculture.

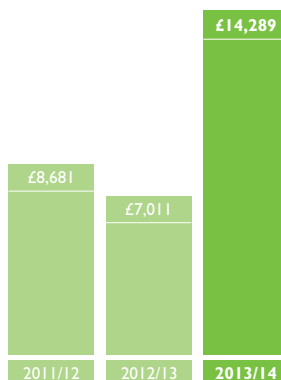
The segment has been considerably expanded with operations now established in the USA and China as well as the UK.

Revenue for the year was £14.289m compared to £7.011m for the previous year with the segment benefitting both from the full year impact of the acquisition of Franklin Tubular Products in the USA and continued growth in operations in China.

In the UK, new business won has helped to offset slightly weaker underlying demand. Supplier Quality Excellence Process (SQEP) certification awarded by its largest customer has now been upgraded to silver and reflects the continuing commitment of Maxpower to achieving world class operational performance. Significant new business opportunities are being pursued.

In China, the Group has made good progress during the year. The Group's wholly owned manufacturing facility in Wuxi continues to secure new business and to broaden its customer base. The business has achieved excellent quality and delivery performance reflecting both the strong support from the UK and the enthusiasm of the local management team. The joint venture located in Nanjing, which employs

REVENUE (£'000)



around 40 people, became fully operational in September and significantly expands the capabilities in larger diameter tubular assemblies in the region.

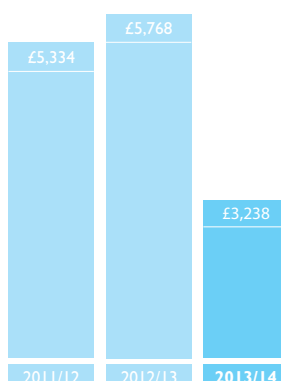
In the USA, new business revenues continue to grow. This has included a highly engineered and technically demanding set of tubular assemblies for a new transmission system for a new customer and the development of rigid pipe assemblies for the hydraulic actuation market again for a new customer. While this new revenue has not yet offset the impact of the business resourcing decisions that were made by existing customers at the time the business went into receivership and prior to the acquisition by Tricorn, discussions with both existing and prospective clients are progressing well.

AEROSPACE

This segment supplies rigid pipe assemblies used in a variety of applications principally within the Aerospace sector.

With the contract loss announced in November 2012 impacting revenue, the year was a difficult period with revenue lowering to £3.238m compared with £5.768m for the previous year. Restructuring was completed as planned and underlying losses reduced in the second half of the year. Excellent quality and delivery performance has been maintained with its customers and new business continues to be secured as a result of this performance. Steady progress is anticipated.

REVENUE (£'000)



OUTLOOK

The year has proved challenging with revenue being lower than had been anticipated at the start of the year. Nevertheless, with manufacturing facilities now well established in the USA and China, the Group has significantly enhanced its capabilities from a year ago. This expansion of international capabilities aligns the Group as a key strategic supplier to its customers positioning us well to capitalise on the significant growth opportunities in these regions. Further progress is expected as markets recover.



Nick Paul
Director
9 June 2014



Mike Welburn
Director
9 June 2014

FINANCE DIRECTOR'S STATEMENT

FOR THE YEAR ENDED 31 MARCH 2014



"Following the completion of the sale of Redman Fittings and the acquisition of a 51% share of a joint venture in China, the Group is now focused on supplying pipe assemblies to customers globally."

OVERVIEW

The year to 31 March 2014 has been a year of further change for the Group. Following completion of the sale of Redman Fittings and the acquisition of a 51% share of a joint venture in China, the Group is now focused on supplying pipe assemblies to customers globally. The Group's China subsidiary has continued to grow while the US operation has seen a full year of trading within the Group.

With the acquisition of Franklin Tubular Products occurring close to the prior year end, a number of fair value adjustments were finalised during the current financial year. As a result, comparative results for 2013 have been restated to take into account these fair value adjustments. In addition, comparative results have also been adjusted to show the Redman Fittings business as discontinued.

The Group made an underlying loss before tax of £0.343m (2013: PBT £1.614m) in the year. Given the results for the year, the Board is not recommending the payment of a final dividend.

INCOME STATEMENT

Revenue for the year increased 14.6% to £24.460m (2013 restated: £21.347m) largely on the back of a full year of revenue from the US acquisition completed at the end of the last financial year. Gross margins were down slightly on last year at 34.2% (2013 restated: 36.5%).

The adjusted operating loss for the year was £0.152m (2013: operating profit £1.668m) and after adjusting for one-off costs the operating loss was £0.808m (2013 restated: operating profit £1.365m), with significant

costs around restructuring within the Aerospace and Energy segments, as well as China start-up costs being incurred in the year.



Pictured above: Production capability at our Wuxi facility

	2011/12 £'000	2012/13 £'000	2013/14 £'000
Group Gross Profit Margins			
Revenue – restated	23,821	21,347	24,460
Cost of Sales	(15,783)	(13,554)	(16,101)
Gross Profit	8,038	7,793	8,359
Gross Profit Margin	33.7%	36.5%	34.2%

Bargain Purchase on acquisition of the trade and certain assets of Whitley Products	£'000
Property, plant and equipment	2,544
Inventories	690
Trade of other payables	(152)
Identifiable net assets	3,082
Amount settled in cash	1,984
Bargain purchase on acquisition	1,098

During the year, the Group completed the fair value assessment of the net assets acquired following the acquisition of Franklin Tubular Products in March 2013. As a result the bargain purchase on acquisition increased by £0.267m to £1.098m. This has been shown in the comparative results for 2013 with acquisition related items now at £0.021m and headline operating profit restated to £1.365m.

Finance costs for the year increased to £0.149m (2013 restated: £0.059m). All finance costs incurred relate to short term borrowing and lease finance arrangements. After taking into account the trading operating loss from the joint venture, the Group returned an adjusted loss before tax of £0.343m (2013: profit of £1.614m).

Cashflow investment in capability and infrastructure	2011/12 £'000	2012/13 £'000	2013/14 £'000
Capital expenditure	465	978	714
Capital expenditure to depreciation ratio	1.54	2.36	0.97
Investments in acquisitions	—	1,984	—
Investments in joint ventures	—	—	413
China start up costs	—	260	104
Development expenditure	—	—	297
Total infrastructure and capability investment	465	3,222	1,528

BALANCE SHEET

Total non-current assets at the end of the year were £6.161m (2013: £5.774m). The investment in the Chinese joint venture resulted in an increase of £0.371m, net of trading losses incurred and goodwill reduced by £0.060m as a result of the disposal of the Redman Fittings business.

Intangible assets increased due to the addition of £0.297m for product development costs. Following on from the US acquisition, the Group has been successful in working with a new customer to develop a range of pipework for incorporation into a new transmission system. This development is expected to come into full production during 2014 and, as a result, the Group has taken the opportunity, in accordance with IAS 38, to capitalise these costs on its balance sheet and amortise once production commences.

Basic LPS was (2.58)p (2013: EPS 2.98p) and after adjusting for one-off costs, the underlying LPS was (0.75)p (2013: EPS 4.02p).

CASH FLOW

During the year, the Group continued to invest in expanding its footprint globally and also in its capabilities. At 31 March 2014 cash and equivalents had increased to £1.284m (2013: £0.697m) and net debt increased to £3.386m (2013: £1.908m) with gearing, based on total net debt, at 49.5% (2013: 23.9%).

Net cash used in investing activities was £0.824m (2013: £2.956m) and included the investment in the Chinese joint venture of £0.413m. The Group continued to invest in growing its existing infrastructure with capital

expenditure at £0.714m, which as a ratio to depreciation was 0.97. In addition, the Group spent £0.297m on product development with a new customer. These costs have been capitalised as an intangible asset.

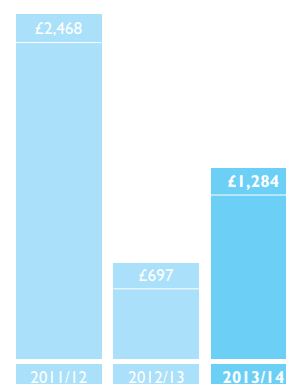
During the year the Group sold the Redman Fittings business for cash proceeds of £0.600m, realising a profit on the disposal of the business of £0.076m.

The Group continues to use short term borrowings to fund all of its activities, with selected capital additions being financed by lease finance arrangements. At the year end, the Group did not have any long term debt finance in place.



Pictured above: Development expenditure on a new technology gearbox positions the Group well with its customers.

CASH AND EQUIVALENTS (£'000)



Phil Lee
Group Finance Director
9 June 2014

BOARD OF DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2014

EXECUTIVE DIRECTORS



MIKE WELBURN

Chief Executive Officer

Joined Tricorn in April 2003, appointed to the Board in March 2004 and as Chief Executive in November 2007. He had previously been with IMI plc for 18 years where he had held a number of senior roles within the Fluid Power Division. This included responsibility for European Operations and Global OEM Strategy.



PHIL LEE

Group Finance Director

Joined Tricorn in January 2009 and appointed to the Board in February 2009. He had previously been at Rolls-Royce plc for nine years working in a number of roles including Finance Director of Distributed Generation Systems (part of the Rolls-Royce Energy Business). Prior to Rolls-Royce he had been with National Grid Plc.



DAVID LEAKEY

Group Sales Director

Joined Tricorn and appointed to the Board in June 2011. He had previously spent 27 years working at Norgren Ltd, the Motion and Fluid Controls division of IMI Plc. He has most recently held the role of Global Sales Director in the Energy Sector; with responsibility for the global business development of the company's products into the oil and gas markets. David has also held the position of Sales Director in Norgren's Life Sciences and Automotive Sectors.

NON-EXECUTIVE DIRECTORS



NICK PAUL CBE

Non-executive Chairman

Appointed to the Board as non-executive Chairman in October 2001. Member of the Remuneration and Nomination Committees and a member of the Audit Committee. He has a wealth of international business experience and had previously been deputy Chief Executive of IMI plc. He has also been Chairman of the Regional Development Agency, Advantage West Midlands, and Chairman of Midlands Expressway Limited. In the past he has been Chairman of the West Midlands CBI and non-executive director of John Laing Homes plc and Sig plc. He is currently Chairman of Severn Valley Railway (Holdings) plc.



ROGER ALLSOP

Non-executive Director

Purchased MTC in 1984 and Chief Executive of Tricorn up to 2002 after which he became a non-executive Director. Chairman of the Audit and Remuneration Committees and a member of the Nomination Committee. He was previously Managing Director of Westwood Dawes plc and non-executive director of Netcall plc.

COMMITTEES

Audit Committee

Roger Allsop – Chairman
Nick Paul
Phil Lee – Secretary

Nomination Committee

Nick Paul – Chairman
Roger Allsop
Phil Lee – Secretary

Remuneration Committee

Roger Allsop – Chairman
Nick Paul
Phil Lee – Secretary

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2014

Tricorn Group plc is the parent company of a group of specialist engineering subsidiaries whose activities incorporate high precision tube manipulation and systems engineering.

BUSINESS REVIEW

A review of the progress of the Group during the year and its prospects for the future are included in the Chairman's and Chief Executive's statement. There was a loss for the year after taxation amounting to £0.863m (2013 Restated: Profit for the year £0.994m).

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the nature of the Group's strategy are subject to a number of risks.

The Directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks. The Directors have set out below the principal risks facing the business.

ECONOMIC CLIMATE

The Group is exposed to global markets through both its customer base and the market sectors that it serves. As a result there is constant monitoring of the economic environment by the Board to ensure that the Group responds to economic changes appropriately in order to ensure that the risk of any impact is mitigated.

SUPPLY CHAIN

At an operational and strategic level the Group ensures that it develops close relationships with its customers and its suppliers. By doing this it is in a position to understand the changing nature of sourcing and supply chain strategy quickly and respond accordingly to any risks that this might pose to the Group.

COMPETITION

The Group ensures that it is constantly monitoring its competitive environment in order to respond to competitive pressures as well as taking advantage of any opportunities that are presented to it. Regular reviews of market intelligence ensure that the Group manages its competition risk.

OPERATIONAL

A focus on operational improvement ensures that the Group's products remain reliable and of the highest quality. Recruiting, retaining, developing and motivating staff also continue to be a key priority for the Group. With operational performance being such a high priority for the Group, risks are identified and managed on a regular basis.

ENVIRONMENTAL

The Group reviews the risk that its activities place on the environment through the promotion of green initiatives wherever possible.

GLOBAL PRESENCE

The Group now operates through wholly owned subsidiaries in the UK, US and China, as well as being a partner in a Joint Venture in China. As a result of international expansion in these jurisdictions, new risks have been presented. Senior management have responded by making frequent visits overseas in order to mitigate and control those risks.

ON BEHALF OF THE BOARD



M I Welburn

Director

9 June 2014

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2014

DIRECTORS

The present membership of the Board is set out below.

N C Paul CBE
R Allsop
M I Welburn
P Lee
D E Leakey

SHARE CAPITAL

Details of the Company's share capital, are given in note 26 to the financial statements. The Group's policy for managing capital and financing to support the activities of the Group is detailed in note 24 to the financial statements.

SUBSTANTIAL SHAREHOLDINGS

The only interests in excess of 3% of the issued share capital of the Company, which have been notified as at 28 May 2014, were as follows:

	Ordinary shares of 10 pence each Number	Percentage of capital %
R Allsop	11,220,000	33.50
Hargreave Hale Limited	6,341,655	18.93
Rock Nominees Limited (account 501198)	1,370,150	4.09
J M Finn & Co Limited	1,358,334	4.06
Quilter Nominees Limited	1,025,000	3.06

HEALTH AND SAFETY

The Group recognises its responsibility to ensure that its employees work in as safe a working environment as possible. Checks are also implemented to ensure its clients comply with Health and Safety legislation.

FINANCIAL RISKS AND MANAGEMENT

The Group's principal financial instruments comprise an invoice discounting and revolving credit facilities, short term borrowings, hire purchase and finance lease contracts, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, commodity price risk, foreign currency risk, and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

INTEREST RATE RISK

The policy of the Group is to manage its interest cost using a mix of fixed and variable rate debt. The Group's exposure to interest rate fluctuations on its borrowings is currently managed by the use of floating facilities. The Group finances specific large plant acquisitions via hire purchase or finance lease contracts. The interest rate risk on positive cash balances is not considered to be significant.

LIQUIDITY RISK

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits, bank loans, overdrafts, invoice discounting and finance lease and hire purchase contracts. Money on deposit is held on treasury reserve, partly to finance working capital and also to help finance future acquisitions.

COMMODITY PRICE RISK

The exposure of the Group to the price of steel is high, therefore selling prices are monitored regularly to reduce the impact of such risk and opportunities to reduce material costs are explored constantly. The Group has partly responded to this risk by sourcing materials in low cost countries. The Group also look to recharge any increased cost of commodities to customers.

FOREIGN CURRENCY RISK

Certain purchases and sales are made in foreign currencies. In order to minimise the impact of currency movements the Group utilise short term forward currency contracts. Such cover is determined by written policies set by the Board. Foreign exchange differences on retranslation of foreign currency assets and liabilities are taken to the Group profit or loss.

CREDIT RISK

The Group trades with only recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

OTHER NON-FINANCIAL RISKS

The Group supplies products to a large number of customers and works with a number of key suppliers. Successful management of this process is key to delivering the results of the Group. This is also underpinned by retention and training of our staff to ensure that our knowledge and skills are maintained.

DIRECTORS' RESPONSIBILITIES FOR THE GROUP FINANCIAL STATEMENTS

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 Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). Under company law the directors must not approve the Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group for that period. In preparing these group financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable IFRS 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 Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken as Directors, in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITORS

Grant Thornton UK LLP offer themselves for reappointment as auditor in accordance with section 489 of the Companies Act 2006.

ON BEHALF OF THE BOARD



M I Welburn

Director

9 June 2014

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31 MARCH 2014

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE PROVISIONS OF THE UK CORPORATE GOVERNANCE CODE (THE CODE)

As a company listed on the Alternative Investment Market of the London Stock Exchange, Tricorn Group plc is not required to comply with the full requirements of the UK Corporate Governance Code. We do not therefore comply with the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider relevant to the Group and best practice.

DIRECTORS

The Directors support the concept of an effective Board leading and controlling the Group. The Board is responsible for approving the Group's policy and strategy. It meets on a regular basis and has a schedule of matters specifically reserved to it for decision. Management supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professional advice at the Company's expense.

The Board consists of three executive Directors, who hold the key operational positions in the Group and two non-executive Directors, who bring a breadth of experience and knowledge. This provides a balance whereby the Board's decision making cannot be dominated by an individual. The Chairman of the Board is N C Paul CBE and the other non-executive director is R Allsop. The Board approve the strategic decisions of the Group. The Group's business is run on a day to day basis by M I Welburn, P Lee and D E Leakey, with M I Welburn having overall responsibility as the Chief Executive.

RELATIONS WITH SHAREHOLDERS

The Group values the views of its shareholders and recognises their interest in the Group's strategy and performance. The Annual General Meeting will be used to communicate with private investors and they are encouraged to participate. The Directors will be available to answer questions. Separate resolutions will be proposed on each issue so that they can be given proper consideration and there will be a resolution to approve the annual report and accounts.

INTERNAL CONTROL

The Board is responsible for maintaining a strong system of internal control to safeguard shareholders' investment and the Group's assets and for reviewing its effectiveness. The system of internal control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

An audit committee has been established comprising the non-executive Directors which is chaired by R Allsop. The committee meets at least twice per annum and is responsible for ensuring that the financial performance of the Group is properly monitored and reported on as well as meeting the auditors and reviewing any reports from the auditors regarding the financial statements and internal control systems.

The Board has considered the need for an internal audit function but has decided the size of the Group does not justify it at present. However, it will keep the decision under annual review.

BOARD STRUCTURE

The key features of the Group's system of governance are as follows:

- the Group is headed by an effective Board, which leads and controls the Group;
- there is a clear division of responsibilities in running the Board and running the Group's business;
- the Board includes a reasonable balance between executive and non-executive Directors; and
- the Board receives and reviews on a timely basis financial and operating information appropriate to be able to discharge its duties.

GOING CONCERN

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Detailed cash flow forecasts covering at least 12 months from the date that these accounts were approved have been prepared which highlight that the Group has sufficient cash headroom to support its activities. The key assumptions in these forecasts have been sensitised and no issues arise which lead to any concern regarding the operations or financing of the Group. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS' REMUNERATION

The Board recognises that Directors' remuneration is of legitimate concern to the shareholders and is committed to following current best practice. The Group operates within a competitive environment, performance depends on the individual contributions of the Directors and employees and it believes in rewarding vision and innovation.

POLICY ON EXECUTIVE DIRECTORS' REMUNERATION

Detail of individual Directors' remuneration is set out in note 5 to the financial statements. The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain Directors of the calibre necessary to maintain the Group's position and to reward them for enhancing shareholder value and return. It aims to provide sufficient levels of remuneration to do this, but to avoid paying more than is necessary and reflects the Directors' responsibilities. A separate remuneration committee has been established comprising the non-executive Directors and is chaired by R Allsop.

BASIC ANNUAL SALARY

The Remuneration Committee reviews each Executive Director's basic salary annually. In deciding upon appropriate levels of remuneration the Board believes that the Group should offer levels of base pay reflecting individual responsibilities and which are commensurate with similar jobs in other business sectors.

ANNUAL BONUS PAYMENTS, BENEFITS AND PENSION ARRANGEMENTS

M I Welburn, P Lee and D E Leakey participate in a performance related bonus arrangement through Tricorn Group plc.

M I Welburn, P Lee and D E Leakey benefit from the provision of private medical insurance, the provision of company cars or car allowance and are eligible to participate in a contributory pension scheme.

R Allsop and N C Paul CBE receive no bonus, pension or benefits in kind.

NOTICE PERIODS

M I Welburn has a service agreement with the Company which is terminable on not less than 12 months' written notice given by either party to the other at any time. P Lee and D E Leakey have service agreements with the Company which are terminable on not less than six months' written notice given by either party to the other at any time.

N C Paul CBE and R Allsop have letters of appointment with the Company which are terminable upon six months' written notice being given by either party.

CORPORATE GOVERNANCE continued

FOR THE YEAR ENDED 31 MARCH 2014

SHARE OPTION INCENTIVES

The Company has adopted a number of individual unapproved and enterprise management incentive scheme share option agreements to motivate and retain key personnel of the Group. At 31 March 2014 the following options were held by the directors:

	At beginning of period Number	Lapsed during the year Number	Granted during the year Number	Exercised during the year Number	At end of year Number	Exercise price £
Unapproved share options						
N C Paul CBE	300,000	—	—	—	300,000	0.10
M I Welburn	361,844	—	—	—	361,844	0.10
M I Welburn	1,000,000	—	—	—	1,000,000	0.10
D E Leakey	500,000	—	—	—	500,000	0.30
Enterprise management incentive scheme (EMI) options						
P Lee	500,000	—	—	—	500,000	0.10
P Lee	921,000	—	—	—	921,000	0.10
M I Welburn	1,263,156	—	—	—	1,263,156	0.10

UNAPPROVED SHARE OPTIONS

N C Paul's option, which was granted on 16 September 2010, has vested and will remain in force for ten years.

M I Welburn's unapproved share option was granted on 16 September 2010, over 361,844 shares. This scheme has vested and is in force for ten years with an exercise price of 10p per share. The unapproved options over 1,000,000 shares for M I Welburn were granted under the Group's LTIP and vest in tranches of 200,000 shares once the share price has achieved the trigger points of 20p, 25p, 30p, 35p and 40p for ten consecutive days.

D E Leakey was granted an unapproved option over 500,000 shares at 30p on 5 June 2011. The option is exercisable after three months' continuous employment. This option is in force for 10 years and does not have performance conditions attached to it.

EMI OPTIONS

M I Welburn's EMI share option for 1,263,156 shares was granted on 5 August 2010. This scheme has vested and is in force for ten years with an exercise price of 10p per share.

P Lee was granted an EMI option over 500,000 shares at 10p on 31 March 2009. The first 250,000 are exercisable after three months' continuous employment. The second 250,000 are exercisable after a further 12 months' continuous employment. This option is in force for 10 years and does not have performance conditions attached to it. In addition an option over a further 921,000 shares was granted on 5 August 2010, 736,800 of which have vested at 31 March 2014. These options vest in tranches of 184,200 shares once the share price has achieved the trigger points of 20p, 25p, 30p, 35p and 40p for ten consecutive days.

The exercise periods for share options were set by the Remuneration Committee in order to incentivise and retain key executives. All share disposals will be limited to one third of the option in any given year without prior Board approval. The market price of the Company's shares at 31 March 2014 was 17.00p (31 March 2013: 23.25p) and the range during the year was 17.00p to 41.00p (2013: 16.50p to 36.10p).

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF TRICORN GROUP PLC

We have audited the group financial statements of Tricorn Group plc for the year ended 31 March 2014 which comprise the group income statement, the group statement of comprehensive income, the group statement of changes in equity, the group statement of financial position, the group statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the directors are responsible for the preparation of the group 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 group 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 (APB'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 FRC's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the Group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006

SEPARATE OPINION IN RELATION TO IFRS

As explained in Note 2 to the Group financial statements, the Group in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

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 group financial statements are prepared is consistent with the group 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:

- 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.

OTHER MATTER

We have reported separately on the parent company financial statements of Tricorn Group plc for the year ended 31 March 2014.

David Munton

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
9 June 2014

Tricorn Group plc

Group Consolidated Financial Statements

For the year ended 31 March 2014

Company number 1999619

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GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 £'000 Underlying	2014 £'000 Other	2014 £'000 Group	2013 £'000 Restated
Revenue	3	24,460	—	24,460	21,347
Cost of sales		(16,101)	—	(16,101)	(13,554)
Gross profit		8,359	—	8,359	7,793
Distribution costs		(1,550)	—	(1,550)	(906)
Administration costs					
— General administration costs		(6,961)	—	(6,961)	(5,150)
— Restructuring costs		—	(439)	(439)	(12)
— Bargain purchase on acquisition	27	—	—	—	1,098
— Acquisition related items	27	—	—	—	(1,077)
— China start-up costs		—	(104)	(104)	(260)
— Intangible asset amortisation	12	—	(55)	(55)	(70)
— Share based payment charge	6	—	(58)	(58)	(58)
— Fair value change relating to forward exchange contracts		—	—	—	7
Total administration costs		(6,961)	(656)	(7,617)	(5,522)
Operating (loss)/profit	3/4	(152)	(656)	(808)	1,365
Share of loss from joint venture	14	(42)	—	(42)	—
Finance income	8	—	—	—	6
Finance costs	8	(149)	—	(149)	(59)
(Loss)/profit before tax	3	(343)	(656)	(999)	1,312
Income tax credit/(expense)	9	92	—	92	(248)
(Loss)/profit after tax from continuing operations		(251)	(656)	(907)	1,064
Profit/(Loss) for the year attributable to discontinued operations		—	44	44	(70)
(Loss)/profit for the year and total comprehensive (expense)/income		(251)	(612)	(863)	994
Attributable to:					
Equity holders of the parent company		(251)	(612)	(863)	994
Earnings per share:					
Basic (loss)/earnings per share	10			(2.58)p	2.98p
Diluted (loss)/earnings per share	10			(2.58)p	2.74p

All of the activities of the Group are classed as continuing unless otherwise stated.

The accompanying notes form an integral part of these financial statements.

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2014

	2014 £'000	2013 £'000
(Loss)/profit for the year	(863)	994
Other comprehensive income		
Items that will subsequently be reclassified to profit or loss		
Foreign exchange translation differences	(226)	—
Total comprehensive (expense)/income attributable to equity holders of the parent	(1,089)	994

The accompanying notes form an integral part of these financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2014

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Share based payment reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2012	3,339	1,692	1,388	—	227	347	6,993
Share based payment charge	—	—	—	—	58	—	58
Dividends paid	—	—	—	—	—	(77)	(77)
Total transactions with owners	—	—	—	—	58	(77)	(19)
Profit and Total Comprehensive income as previously reported	—	—	—	—	—	754	754
Remeasurement of fair value on acquisition (note 27)	—	—	—	—	—	240	240
Profit and Total Comprehensive income as restated	—	—	—	—	—	994	994
Restated balance at 31 March 2013	3,339	1,692	1,388	—	285	1,264	7,968
Issue of new shares	10	—	—	—	—	—	10
Share based payment charge	—	—	—	—	58	—	58
Dividends paid	—	—	—	—	—	(111)	(111)
Total transactions with owners	10	—	—	—	58	(111)	(43)
Loss and Total Comprehensive expense	—	—	—	(226)	—	(863)	(1,089)
Balance at 31 March 2014	3,349	1,692	1,388	(226)	343	290	6,836

The accompanying notes form an integral part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2014

	Note	2014 £'000	2013 £'000 Restated
Assets			
Non-current			
Goodwill	11	531	591
Intangible assets	12	730	488
Property, plant and equipment	13	4,529	4,695
Investment in joint venture	14	371	—
		6,161	5,774
Current			
Inventories	16	3,149	3,292
Trade and other receivables	17	5,197	5,590
Cash and cash equivalents	18	1,284	697
Corporation tax		36	—
		9,666	9,579
Total assets		15,827	15,353
Liabilities			
Current			
Trade and other payables	20	(4,149)	(4,321)
Borrowings	21	(4,511)	(2,385)
Corporation tax		—	(280)
		(8,660)	(6,986)
Non-current			
Borrowings	21	(159)	(220)
Deferred tax	19	(172)	(179)
		(331)	(399)
Total liabilities		(8,991)	(7,385)
Net assets		6,836	7,968
Equity attributable to owners of the parent			
Share capital	26	3,349	3,339
Share premium account		1,692	1,692
Merger reserve		1,388	1,388
Translation reserve		(226)	—
Share based payment reserve		343	285
Profit and loss account		290	1,264
Total equity		6,836	7,968

The financial statements were approved by the Board of Directors on 9 June 2014.



M I Welburn
Director

Company number: 1999619

The accompanying notes form an integral part of these financial statements.

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2014

	2014 £'000	2013 £'000 Restated
Cash flows from operating activities		
(Loss)/profit after taxation	(863)	994
Adjustment for:		
— Depreciation	734	414
— Net finance costs in income statement	149	54
— Amortisation charge	55	70
— Share based payment charge	58	58
— Share of joint venture operating losses	42	—
— Bargain purchase recognised in income statement	—	(1,098)
— Gain relating to foreign exchange derivative contract	—	(7)
— Taxation expense recognised in income statement	(92)	248
— Profit on sale of operations	(76)	—
— Decrease in trade and other receivables	394	233
— Decrease in trade payables and other payables	(354)	(343)
— (Increase)/decrease in inventories	(222)	326
Cash (absorbed)/generated from operations	(175)	949
Interest paid	(117)	(86)
Income taxes paid	(225)	(324)
Net cash from operating activities	(517)	539
Cash flows from investing activities		
Purchase of business	—	(1,984)
Investment in overseas joint venture	(413)	—
Sale of operations	600	—
Purchase of plant and equipment	(714)	(978)
Purchase of intangible assets	(297)	—
Interest received	—	6
Net cash used in investing activities	(824)	(2,956)
Cash flows from financing activities		
Issue of ordinary share capital	10	—
Dividend paid	(111)	(77)
Movement in short term borrowings	2,128	819
Payment of finance lease liabilities	(99)	(96)
Net cash used in financing activities	1,928	646
Net increase/(decrease) in cash and cash equivalents	587	(1,771)
Cash and cash equivalents at beginning of year	697	2,468
Cash and cash equivalents at end of year	1,284	697

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

I GENERAL INFORMATION

Tricorn Group plc and subsidiaries' (the 'Group') principal activities comprise high precision tube manipulation and systems engineering.

The Group's customer base includes major blue chip companies with world-wide activities in key market sectors, including Power Generation, Aerospace, Off Highway, and Automotive.

Tricorn Group plc is the Group's ultimate parent Company. It is incorporated and domiciled in the United Kingdom. The address of Tricorn Group plc's registered office, which is also its principal place of business, is Spring Lane, Malvern, Worcestershire, WR14 1DA. Tricorn Group plc's shares are listed on the Alternative Investment Market of the London Stock Exchange.

These consolidated financial statements have been approved for issue by the Board of Directors on 9 June 2014. Amendments to the financial statements are not permitted after they have been approved.

2 ACCOUNTING POLICIES

BASIS OF PREPARATION

These consolidated financial statements have been prepared under the required measurement bases specified under International Financial Reporting Standards (IFRS) and in accordance with applicable IFRS as adopted by the European Union and IFRS as issued by the International Accounting Standards Board.

GOING CONCERN

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Detailed cash flow forecasts have been prepared for the period at least 12 months from the date that these accounts were approved, which highlight that the Group has sufficient cash headroom to support its activities. The key assumptions in these forecasts have been sensitised and no issues arise which lead to any concern regarding the operations or financing of the Group. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

OVERALL CONSIDERATIONS

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The accounting estimates and assumptions are consistent with the Group's latest approved budget forecast where applicable. Judgements are based on the information available at each reporting date. All estimates are based on the best information available to management.

The Group presents separately underlying and other items in the income statement in order to provide a more transparent view of underlying performance and trends. The Directors consider that the underlying income statement is a more appropriate reflection of the Group's performance.

Where the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period shall not exceed one year from the acquisition date.

The Group has revised comparative information for the prior period presented in its financial statements due to new information obtained by the directors about facts and circumstances of the business combination completed during the year ended 31 March 2013. A third statement of financial position has not been presented as the restatement relates to the remeasurement of fair values only, and not an accounting policy which has been retrospectively applied or a retrospective restatement of items.

STANDARDS AND INTERPRETATIONS NOT YET APPLIED BY THE GROUP

A number of new standards are effective for the first time in the current year, including the following:

IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IFRS 13 Fair Value Measurement

2 ACCOUNTING POLICIES continued

The introduction of these standards has not resulted in any significant changes to the accounting policies of the Group.

The following new Standards and Interpretations, which are yet to become mandatory, have not been applied in the Group's financial statements.

Standard or Interpretation	Effective for reporting periods starting on or after
IFRS 9 Financial Instruments	1 January 2015

Based on the Group's current business model and accounting policies, management does not expect a material impact on the Group's financial statements when the Standards and Interpretations become effective. There are other new Standards and interpretations not listed which are not relevant to the Group.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain estimates and judgements need to be made by the directors of the Group which affect the results and position of the Group as reported in the financial statements. Estimates and judgements are required at the reporting date regarding whether certain assets/liabilities that are recorded at fair value which requires a number of estimates and assumptions to be made.

The major areas for estimation within the financial statements are as follows:

- performance of impairment reviews to assess the carrying value of goodwill (see note 11)
- estimates of inventory recoverability. Management review ageing of inventory, movement levels throughout the year and forecast future usage levels to set an adequate inventory provision to cover obsolete inventory lines.

CONSOLIDATION AND INVESTMENTS IN SUBSIDIARIES

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 March 2014. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The consolidated financial statements of the Group incorporate the financial statements of the parent Company as well as those entities controlled by the Group by full consolidation.

Acquired subsidiaries are subject to application of the acquisition method. This involves the valuation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the Group statement of financial position at their fair value, which are also used as the basis for subsequent measurement in accordance with the Group accounting policies. Goodwill represents the excess of fair value consideration over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Acquisition costs are expensed as incurred.

If the fair value of identifiable net assets exceeds the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

Intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

INVESTMENTS IN JOINT VENTURES

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

Investments in joint ventures are accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2014

2 ACCOUNTING POLICIES continued

BUSINESS COMBINATIONS COMPLETED PRIOR TO DATE OF TRANSITION TO IFRS

The Group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to the date of transition to IFRS, 1 April 2006.

Accordingly the classification of the combination (acquisition, reverse acquisition or merger) remains unchanged from that used under UK GAAP. Assets and liabilities are recognised at date of transition if they would be recognised under IFRS, and are measured using their UK GAAP carrying amount immediately post-acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement. Deferred tax is adjusted for the impact of any consequential adjustments after taking advantage of the transitional provisions.

REVENUE RECOGNITION

The Group's material revenue stream is in respect of the sale of tubular components. Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied, excluding VAT and trade discounts. Revenue is recognised upon the transfer of risk to the customer.

The Group recognises revenue when persuasive evidence of an arrangement exists; delivery has occurred; the sale price is fixed and determinable; and collectability is reasonably assured. Amounts received are recognised immediately as revenue where there are no substantial risks, there are no ongoing performance obligations and amounts received are not refundable. Amounts are deferred over an appropriate period where these conditions are not met.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Cost of work in progress and finished goods includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Provisions are made against inventories where there is evidence that the carrying amount has fallen below recoverable amount.

GOODWILL

Goodwill arising on consolidation represents the excess of the fair value of consideration transferred over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately through profit or loss and is not subsequently reversed.

IMPAIRMENT

The Group's goodwill, intangible assets and property, plant and equipment are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management controls the related cash flows.

Goodwill with an indefinite useful life is tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

If the impairment is subsequently reversed, the carrying amount, except in the case of goodwill, is increased to the revised estimate of its recoverable amount, limited to the carrying value that would have been determined had no impairment been recognised previously. Impairment losses in respect of goodwill are not subsequently reversed.

2 ACCOUNTING POLICIES continued

INTANGIBLE ASSETS ACQUIRED AS PART OF A BUSINESS COMBINATION

In accordance with IFRS 3 Business Combinations, an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group. Where an intangible asset might be separable, but only together with a related tangible or intangible asset, the Group of assets is recognised as a single asset separately from goodwill where the individual fair values of the assets in the Group are not reliably measurable. Where the individual fair value of the complementary assets are reliably measurable, the Group recognises them as a single asset provided the individual assets have similar useful lives.

OTHER INTANGIBLE ASSETS

PRODUCT DEVELOPMENT COSTS

Expenditure on the research phase of projects to develop new customised products for customers is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Group intends to and has sufficient resources to complete the project
- the Group has the ability to use or sell the product
- the product will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred. Directly attributable costs include employee costs incurred on product development along with an appropriate portion of relevant overheads.

INTANGIBLE AMORTISATION

Intangible assets are amortised over the following periods:

Brand names	15 years
Customer contracts	5 years
Product development costs	3 years

FOREIGN CURRENCIES

These financial statements are presented in UK Sterling which is the functional currency of the parent and the presentational currency of the Group.

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the reporting date. Exchange differences are dealt with through profit or loss.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at acquisition cost less subsequent depreciation and impairment losses. Depreciation is charged on these assets, after adjusting for their residual values, on a straight line basis over the estimated useful economic life of each asset.

The useful lives of property, plant and equipment can be summarised as follows:

Land and buildings	40 years
Plant and equipment	3 to 10 years
Motor vehicles	5 years

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2014

2 ACCOUNTING POLICIES continued

LEASES

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset and is then disclosed and accounted for as a finance lease asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease.

Subsequent accounting for assets held under hire purchase and finance lease agreements, i.e. depreciation methods and useful lives, correspond to those applied to comparable acquired assets. The corresponding hire purchase and finance leasing liability is reduced by lease payments less finance charges, which are expensed to finance costs. Finance charges represent a constant periodic rate of interest on the outstanding balance of the hire purchase and finance lease liability.

All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis. Associated costs, such as maintenance and insurance, are expensed as incurred.

The Group does not act as a lessor.

TAXATION

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. However, in accordance with the rules set out in IAS 12, no deferred taxes are recognised in conjunction with the initial recognition of goodwill on acquisitions. This applies also to temporary differences associated with shares in subsidiaries if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits available to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to other comprehensive income.

EMPLOYEE BENEFITS

DEFINED CONTRIBUTION PENSION SCHEME

Pensions to employees are provided through contributions to individual personal pension plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions to an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

The contributions recognised in respect of personal pension plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short term nature.

OTHER EMPLOYEE BENEFITS

Short-term employee benefits, including holiday entitlement are included in other employee obligations at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

FINANCIAL ASSETS

The Group's financial assets include cash, cash equivalents and trade and other receivables.

2 ACCOUNTING POLICIES continued

All financial assets are recognised when the entity becomes party to the contractual provisions of an instrument. All financial assets are initially recognised at fair value, plus transaction costs, and are subsequently measured at amortised cost using the effective interest rate.

Interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

Trade receivables are provided against when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank and in hand and overdrafts as well as short term highly liquid investments such as bank deposits.

PROFIT OR LOSS FROM DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

Profit or loss from discontinued operations, including prior year components of profit or loss, is presented in a single amount in the statement of profit or loss.

EQUITY

Share capital is determined using the nominal value of shares that have been issued. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. When the Company purchases its own shares, the consideration is deductible from equity attributable to the Company's equity holders until the shares are either cancelled or reissued. When this happens, any consideration received is included in equity attributable to equity holders. Treasury shares are held at cost.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The merger reserve represents the difference between the issue price and the nominal value of shares issued as consideration for the acquisition of a subsidiary undertaking when the Company has taken advantage of merger relief.

All current and prior period results are taken to the profit and loss account as disclosed in the income statement.

SHARE BASED EMPLOYEE REMUNERATION

All share-based payment arrangements are recognised in the consolidated financial statements. The Group operates equity-settled share-based remuneration plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based remuneration is ultimately recognised as an expense in the profit or loss with a corresponding credit to the share based payment reserve, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2014

2 ACCOUNTING POLICIES continued

FINANCIAL LIABILITIES

The Group's financial liabilities include trade and other payables, bank borrowings, invoice discounting facilities and finance lease and hire purchase agreements.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in "finance cost" in the income statement. Financial liabilities are initially recognised at fair value and subsequently measured at amortised costs using the effective interest rate.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

PROVISIONS FOR LIABILITIES

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group and they can be reliably estimated. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at reporting date and all future estimated cash flows are discounted to arrive at the present value of the provision.

BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective rate of interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3 SEGMENTAL REPORTING

THE GROUP OPERATES THREE MAIN OPERATING SEGMENTS:

- Energy: manipulated tubular assemblies for use in power generation, oil and gas and marine sectors.
- Transportation: ferrous, non-ferrous and nylon material tubular assemblies for use in on and off-highway and other such applications.
- Aerospace: specialised rigid pipe assemblies for use in the aerospace sector.

The financial information detailed below is frequently reviewed by the Chief Operating Decision maker:

Year ended 31 March 2014	Energy £'000	Transportation £'000	Aerospace £'000	Unallocated £'000	Total £'000
Revenue					
— from external customers	6,933	14,289	3,238	—	24,460
— from other segments	—	—	—	—	—
Segment revenues	6,933	14,289	3,238	—	24,460
Adjusted operating profit/(loss)*	12	87	(135)	(116)	(152)
Restructuring charges	(114)	(10)	(275)	(40)	(439)
Intangible asset amortisation	—	—	—	(55)	(55)
China start up costs	—	(104)	—	—	(104)
Share based payment charge	—	—	—	(58)	(58)
Operating loss	(102)	(27)	(410)	(269)	(808)
Share of loss from joint venture	—	—	—	(42)	(42)
Net finance costs	(39)	(66)	(15)	(29)	(149)
Loss before tax	(141)	(93)	(425)	(340)	(999)
Segmental assets	4,033	8,765	1,991	1,038	15,827
Other segment information:					
Capital expenditure	238	495	22	2	757
Depreciation	230	427	76	1	734

* Before intangible asset amortisation, share based payment charges, China start-up costs and restructuring costs.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2014

3 SEGMENTAL REPORTING continued

Year ended 31 March 2013 (Restated)	Energy £'000	Transportation £'000	Aerospace £'000	Unallocated £'000	Total £'000
Revenue					
— from external customers	8,568	7,011	5,768	—	21,347
— from other segments	—	—	—	—	—
Segment revenues	8,568	7,011	5,768	—	21,347
Adjusted operating profit*	881	573	309	(26)	1,737
Restructuring charges	(9)	—	(3)	—	(12)
Intangible asset amortisation	—	—	—	(70)	(70)
Bargain purchase	—	—	—	1,098	1,098
Acquisition related costs	—	—	—	(1,077)	(1,077)
China start up costs	—	(260)	—	—	(260)
Share based payment charge	—	—	—	(58)	(58)
Fair value gain relating to forward exchange contracts	—	—	—	7	7
Operating profit/(loss)	872	313	306	(126)	1,365
Net finance costs	(29)	(1)	(29)	6	(53)
Profit/(loss) before tax	843	312	277	(120)	1,312
Segmental assets	3,844	7,301	2,968	1,240	15,353
Other segment information:					
Capital expenditure	368	488	81	1	938
Depreciation	181	161	70	2	414

* Before acquisition related costs, China start-up costs, restructuring costs, intangible asset amortisation, share based payment charges and foreign exchange derivative valuation.

The Group's revenue from external customers (by destination) and its geographic allocation of total assets may be summarised as follows:

	Year ended 31 March 2014		Year ended 31 March 2013	
	Revenue £'000	Assets £'000	Revenue £'000	Assets £'000
United Kingdom	12,788	9,672	14,566	10,352
Europe	2,721	—	3,970	—
Rest of World	8,951	6,155	2,811	5,001
	24,460	15,827	21,347	15,353

No single customer accounts for more than 10% of revenue.

During the year, management decided to dispose of the Redman Fittings business which was part of the Group's Energy division. Revenue and expenses, gains and losses relating to the discontinuation of this subgroup have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item on the face of the Group Income statement (see profit for the year from discontinued operations).

Redman Fittings was sold for a total of £600,000 in cash resulting in a profit on disposal of £76,000 before tax. The operating loss of Redman Fittings until the date of disposal was £32,000.

4 PROFIT BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging:

	2014 £'000	2013 £'000
Auditors' remuneration:		
Audit of parent company	13	13
Audit of subsidiaries	54	45
Total audit	67	58
Non-audit services:		
Corporate taxation	14	13
Corporate finance	—	96
Total non-audit services	14	109
Total fees	81	167
Operating lease charges:		
Land and buildings	537	404
Plant and equipment	69	39
Motor vehicles	75	72
Depreciation and amortisation:		
Intangible assets	55	70
Property, plant and equipment — owned	677	382
Property, plant and equipment — leased	57	32

5 DIRECTORS' EMOLUMENTS

	2014				2013				2014 Pension £'000	2013 Pension £'000
	Basic £'000	Bonus £'000	Benefits in kind £'000	Total £'000	Basic £'000	Bonus £'000	Benefits in kind £'000	Total £'000		
N C Paul CBE	30	—	—	30	30	—	—	30	—	—
R Allsop	15	—	—	15	15	—	—	15	—	—
M I Welburn*	140	—	22	162	120	30	22	172	8	8
P Lee*	110	—	15	125	90	23	13	126	6	6
D E Leakey*	103	—	8	111	88	22	8	118	—	—
	398	—	45	443	343	75	43	461	14	14

*The Executive Directors are classified as the key management personnel of the Group as defined in IAS 24 Related Party Disclosures.

Employers National Insurance Contributions made relating to Directors' emoluments were £54k (2013: £62k).

SHARE-BASED PAYMENT CHARGE BY DIRECTOR (NOTE 7)

	2014 £'000	2013 £'000
M I Welburn*	15	15
P Lee*	13	13
D E Leakey*	23	23
	51	51

*The Executive Directors are classified as the key management personnel of the Group as defined in IAS 24 Related Party Disclosures.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2014

6 EMPLOYEES COSTS

	2014 Number	2013 Number
The average number of persons (including Directors) employed by the group during the year was:		
Production	292	264
Sales, distribution and administration	80	55
	372	319

Staff costs during the year were as follows:

	2014 £'000	2013 £'000
Wages and salaries	8,061	6,738
Social security costs	796	576
Other pension costs	153	177
Share based payment charge	58	58
	9,067	7,549

7 SHARE BASED EMPLOYEE REMUNERATION

There are two share based remuneration schemes in operation:

- Approved Enterprise Management Incentive (EMI) scheme
- Unapproved share options.

	At 31 March 2013 No. of shares	Granted in year No. of shares	Exercised in year No. of shares	Lapsed in year No. of shares	At 31 March 2014 No. of shares	Exercise price Pence	Life remaining on options at 31 March 2014 Months
Enterprise Management Incentive (EMI) scheme							
Exercise date:							
March 2009 – March 2019	500,000	—	—	—	500,000	10p	60
December 2009 – December 2019	100,000	—	(100,000)	—	—	10p	—
August 2010 – August 2020	2,184,156	—	—	—	2,184,156	10p	77
	2,784,156	—	(100,000)	—	2,684,156		

The weighted average exercise price of the EMI Scheme at 31 March 2014 was 10p (2013: 10p). 2,499,956 options were available for exercise at 31 March 2014 (2013: 2,599,956).

7 SHARE BASED EMPLOYEE REMUNERATION continued

	At 31 March 2013 No. of shares	Granted in year No. of shares	Exercised in year No. of shares	Lapsed in year No. of shares	At 31 March 2014 No. of shares	Exercise price Pence	Life remaining on options at 31 March 2014 Months
Unapproved share options							
Exercise date:							
September 2010 – September 2015	1,000,000	—	—	—	1,000,000	10p	18
September 2010 – September 2020	661,844	—	—	—	661,844	10p	78
June 2011 – June 2021	500,000	—	—	—	500,000	30p	87
December 2011 – December 2021	200,000	—	—	—	200,000	25p	90
	2,361,844	—	—	—	2,361,844		
Total share options	5,146,000	—	(100,000)	—	5,046,000		

The weighted average exercise price of the unapproved share options at 31 March 2014 was 15.5p (2013: 15.5p). 2,161,844 options were available for exercise at 31 March 2014 (2013: 2,161,844).

The approved and unapproved option schemes have been valued by management using the Black Scholes valuation model. Key inputs into the model are expected share price volatility of 60%, expected life of option of between 3 to 5 years and the expected risk free interest rates of 2.33%.

1,000,000 of the unapproved options and 921,000 of the approved EMI options issued have performance criteria. These options vest in five equal tranches once the share price has achieved the trigger points of 20p, 25p, 30p, 35p and 40p for ten consecutive days.

8 FINANCE INCOME AND EXPENSE

	2014 £'000	2013 £'000
Bank interest receivable	—	6
Finance income	—	6
Invoice discounting interest	113	51
Interest on short term borrowing	24	—
Interest on hire purchase agreements and finance leases	12	9
Finance expense	149	60

9 TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

The tax is based on the loss/(profit) for the year and represents:

	2014 £'000	2013 £'000
UK corporation tax	—	355
Adjustments in respect of prior years	(85)	(61)
Current tax charge for the year	(85)	294
Deferred taxation (note 19)	(7)	(46)
Tax on (loss)/profit on ordinary activities	(92)	248

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2014

9 TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES continued

The tax assessed is different to the standard rate of corporation tax in the UK of 23% (2013: 24%). The differences are explained as follows:

	2014 £'000	2013 £'000 Restated
(Loss)/profit on ordinary activities before tax	(999)	1,242
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013: 24%)	(230)	286
Effect of:		
Expenses not deductible for tax purposes	6	90
Income not taxable for tax purposes	(11)	(244)
Unprovided losses	128	58
Losses carried back	31	—
Chargeable gain	31	—
Other short term timing differences	38	144
Adjustments in respect of prior years	(85)	(86)
	(92)	248

At 31 March 2014 the Group had tax losses of £149,000 (2013: £nil) to offset against future profits within the United Kingdom.

10 EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post tax effect of dividends and/or interest, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below:

	31 March 2014		
	Loss £'000	Weighted average number of shares Number '000	Loss per share Pence
Basic loss per share	(863)	33,468	(2.58)
Dilutive shares		—	
Diluted loss per share	(863)	33,468	(2.58)

There is no dilution to the basic or adjusted loss per share in 2014 owing to a loss for the year being reported.

10 EARNINGS PER SHARE continued

	31 March 2013 (restated)		
	Profit £'000	Weighted average number of shares Number '000	Earnings per share Pence
Basic earnings per share	994	33,395	2.98
Dilutive shares		2,891	
Diluted earnings per share	994	36,286	2.74

The directors consider that the following adjusted earnings per share calculation is a more appropriate reflection of the Group performance.

	31 March 2014		
	Loss £'000	Weighted average number of shares Number '000	Loss per share Pence
Basic loss per share	(863)	33,468	(2.58)
Profit on sale of businesses	(76)		
China start up costs	104		
Restructuring costs	439		
Amortisation of intangible asset	55		
Share based payment charge	58		
Losses relating to discontinued businesses	32		
Adjusted loss per share	(251)	33,468	(0.75)
Dilutive shares		—	
Diluted adjusted loss per share	(251)	33,468	(0.75)

	31 March 2013		
	Profit £'000	Weighted average number of shares Number '000	Earnings per Share Pence
Basic earnings per share (restated)	994	33,395	2.98
Bargain purchase and acquisition related costs	(21)		
China start-up costs	260		
Restructuring costs	12		
Amortisation of intangible asset (net of deferred tax)	48		
Share based payment charge	58		
Charge relating to foreign exchange contract	(7)		
Adjusted earnings per share	1,344	33,395	4.02
Dilutive shares		2,891	
Diluted adjusted earnings per share	1,344	36,286	3.70

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2014

II GOODWILL

	Total £'000
Cost	
At 31 March 2012 and 31 March 2013	591
Disposals	(60)
At 31 March 2014	531
Impairment	
At 31 March 2012, 31 March 2013 and 31 March 2014	—
Net book value	
At 31 March 2012	591
At 31 March 2013	591
At 31 March 2014	531

Goodwill above relates to the following cash generating units:

	Date of acquisition	Original cost £'000
RMDG Aerospace Limited	June 2006	140
Maxpower Automotive Limited	June 2007	391
		531

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired.

The Group tests annually for impairment, or more frequently if there are indicators that goodwill might be impaired.

The recoverable amounts of the cash generating units (CGUs) are determined from value in use calculations, covering a detailed 5 year forecast and applying a discount rate of 3.1% which equates to the Group's weighted average cost of capital.

Management's key assumptions are based on their past experience and future expectations of the market over the longer term.

The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes to selling prices and direct costs.

Apart from the considerations described in determining the value-in-use of the cash generating unit above, the Group management does not believe that reasonably possible changes in the assumptions underlying the value in use calculation would have an impact on the carrying value of goodwill.

After applying sensitivity analysis in respect of the results and future cash flows, in particular for presumed growth rates and discount rates, management believe that no impairment is required. Management is not aware of any other changes that would necessitate changes to its key estimates.

12 INTANGIBLE ASSETS

	Product development costs £'000	Brand names £'000	Customer contracts £'000	Total £'000
Cost				
At 1 April 2012 and 1 April 2013	—	830	312	1,142
Additions	297	—	—	297
At 31 March 2014	297	830	312	1,439
Amortisation				
At 1 April 2012	—	(289)	(295)	(584)
Charge for the year	—	(53)	(17)	(70)
At 1 April 2013	—	(342)	(312)	(654)
Charge for the year	—	(55)	-	(55)
At 31 March 2014	—	(397)	(312)	(709)
Net book value				
At 31 March 2012	—	541	17	558
At 31 March 2013	—	488	—	488
At 31 March 2014	297	433	—	730

All intangible asset amortisation is included in the Group income statement under amortisation of intangibles as detailed on the face of the Group income statement.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2014

13 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 April 2012	—	5,769	43	5,812
Additions	—	938	—	938
Additions — Business combinations	300	1,254	—	1,554
At 1 April 2013 as previously reported	300	7,961	43	8,304
Fair value remeasurement (note 27)	989	—	—	989
At 1 April 2013 as restated	1,289	7,961	43	9,293
Additions	6	751	—	757
Disposals	—	(85)	—	(85)
Foreign exchange revaluation	(28)	(101)	—	(129)
At 31 March 2014	1,267	8,526	43	9,836
Depreciation				
At 1 April 2012	—	4,141	43	4,184
Charge for the year	—	414	—	414
At 1 April 2013	—	4,555	43	4,598
Charge for the year	15	719	—	734
Disposals	—	(25)	—	(25)
At 31 March 2014	15	5,249	43	5,307
Net book value				
At 31 March 2012	—	1,628	—	1,628
At 31 March 2013 as restated	1,289	3,406	—	4,695
At 31 March 2014	1,252	3,277	—	4,529

The net book value of property, plant and equipment includes £392,000 (2013: £416,000) in respect of assets held under finance leases and hire purchase contracts.

14 INVESTMENT IN JOINT VENTURE

During the year, the Group agreed terms for the formation of a joint venture in China, Minguang-Tricorn Tubular Products Nanjing Ltd, which manufactures larger diameter tubular assemblies.

The investment in Minguang-Tricorn Tubular Products Nanjing Ltd is accounted for using the equity method in accordance with IFRS 11. Summarised financial information for Minguang-Tricorn Tubular Products Nanjing Ltd is set out below:

	2014 £'000
Non-current assets	363
Current assets	407
Total assets	770
Non-current liabilities	109
Current liabilities	—
Total liabilities	109
	2014 £'000
Revenue	379
Loss for the year	82

A reconciliation of the above summarised financial information to the carrying amount of the investment in Minguang-Tricorn Tubular Products Nanjing Ltd is set out below:

	2014 £'000
Total net assets of Minguang-Tricorn Tubular Products Nanjing Ltd	727
Proportion of ownership interests held by the Group	51%
Carrying amount of the investment	371

No dividends were received from Minguang-Tricorn Tubular Products Nanjing Ltd during the year from the joint venture.

Minguang-Tricorn Tubular Products Nanjing Ltd is a private company, therefore no quoted market prices are available for its shares

15 PRINCIPAL SUBSIDIARIES

At 31 March 2014 the principal subsidiaries of the Group were as follows:

Name of subsidiary undertaking	Country of incorporation	Description of shares held	% of nominal value of shares held	Principal business activity
Malvern Tubular Components Limited	United Kingdom	Ordinary	100	Manufacturer of tubular components
RMDG Aerospace Limited	United Kingdom	Ordinary	100	Manufacturer of aerospace fittings
Maxpower Automotive Limited	United Kingdom	Ordinary	100	Manufacturer of highway and automotive tubular and pipe components
Maxpower Automotive Components Manufacturing (Wuxi) Limited	China	Ordinary	100	Manufacturer of highway and automotive tubular and pipe components
Franklin Tubular Products Inc	USA	Ordinary	100	Manufacturer of tubular assemblies and components to highway and heavy duty truck market
Robert Morton DG Limited*	United Kingdom	Ordinary	100	Dormant
Hallco 347 Limited	United Kingdom	Ordinary	100	Dormant

* Held by a subsidiary undertaking

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2014

16 INVENTORIES

	2014 £'000	2013 £'000 Restated
Raw materials	1,850	1,513
Work in progress	567	833
Finished goods	732	946
	3,149	3,292

In the year to 31 March 2014, a total of £10,352,000 of inventory (2013: £9,016,000) was included in the income statement as an expense.

17 TRADE AND OTHER RECEIVABLES

	2014 £'000	2013 £'000
Trade receivables	4,844	4,912
Impairment of trade receivables	—	—
	4,844	4,912
Other receivables	115	330
Prepayments and accrued income	238	348
Total	5,197	5,590

At 31 March 2014, some of the unimpaired trade receivables are past their due date but all are considered recoverable. The age of financial assets past due but not impaired, is as follows:

	2014 £'000	2013 £'000
Not more than one month	536	1,056
Not more than two months	245	309
Not more than three months	—	14
	781	1,379

Trade and other receivables are usually due within 30-75 days and do not bear any effective interest rate. All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regards to trade and other receivables as the amounts recognised represents a large number of receivables from various customers.

The fair value of these short term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

18 CASH AND CASH EQUIVALENTS

	2014 £'000	2013 £'000
Cash and cash equivalents	1,284	697

Cash and cash equivalents consist of cash on hand and balances with banks only. At the year end £1,255,000 (2013: £571,000) of cash on hand and balances with banks were held by the subsidiary undertakings, however this balance is available for use by the Group.

19 DEFERRED TAXATION

The deferred tax included in the statement of financial position arose in the following areas:

	Assets		Liabilities	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Intangible assets	—	—	(146)	(112)
Plant and equipment	—	—	(26)	(67)
	—	—	(172)	(179)

The movement in the deferred taxation account during the year was:

	Assets		Liabilities	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Balance brought forward	—	—	(179)	(225)
Group income statement movement arising during the year	—	—	7	46
Balance carried forward	—	—	(172)	(179)

As at 31 March 2014 the Group has unprovided deferred tax assets as follows:

	Unprovided 2014 £'000	Unprovided 2013 £'000
Trading losses	204	58

This deferred tax asset is not recognised due to uncertainty over its recoverability. At 31 March 2014 the Group had tax losses of £171,000 (2013: £nil) to offset against future profits within the United Kingdom. Tax losses available to utilise outside of the UK at 31 March 2014 are £849,000 (2013: £254,000).

20 TRADE AND OTHER PAYABLES

	2014 £'000	2013 £'000 Restated
Trade and other payables	2,545	1,958
Other taxation and social security	356	298
Accruals	1,248	2,065
	4,149	4,321

Due to the short term duration of trade and other payables the carrying value in the statement of financial position represents the fair value of the liabilities.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2014

21 BORROWINGS

	2014 £'000	2013 £'000
Current borrowings		
Invoice discounting facility	3,998	2,283
Other short term borrowings	413	—
Hire purchase agreements and finance lease liabilities (note 22)	100	102
	4,511	2,385
Non-current borrowings		
Hire purchase agreements and finance lease liabilities (note 22)	159	220
	159	220

The future contractual payments, including interest, for bank borrowings and the invoice discounting facility are as follows:

	2014 £'000	2013 £'000
In one year or less or on demand		
Invoice discounting facility	3,998	2,283
Other short term borrowing	413	—
	4,411	2,283

Invoice discounting facility

Interest on the invoice discounting facility is paid at the rate of 2.10% over bank base rate per annum.

22 HIRE PURCHASE AGREEMENTS AND FINANCE LEASE LIABILITIES

The commitments under hire purchase agreements and finance lease liabilities are as follows:

	Within 1 year	Within 1–2 years	Within 2–5 years	Total
31 March 2014				
Payments	127	127	61	315
Discounting	(24)	(24)	(8)	(56)
	103	103	53	259
31 March 2013				
Payments	127	117	126	370
Discounting	(25)	(15)	(8)	(48)
	102	102	118	322

The hire purchase agreements and finance lease liabilities are secured against the assets to which they relate.

23 FINANCIAL INSTRUMENTS

The Group uses financial instruments comprising cash and short term deposits, invoice discounting, other short term borrowings and hire purchase agreements and finance leases. The Group has items such as trade receivables and trade payables that arise directly from its operations.

23 FINANCIAL INSTRUMENTS continued

TRADE AND OTHER RECEIVABLES AND TRADE AND OTHER PAYABLES

The Group manages its trade receivables to ensure that credit risk is minimised by avoiding concentration with any one customer. All trade receivables have set credit terms which are monitored.

The invoice discounting facility provides immediate funds on approved trade receivables.

The Group works to ensure that it receives acceptable trading terms from its suppliers.

LIQUIDITY RISK

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of deposits, bank loans, invoice discounting, other short term borrowings and finance lease and hire purchase contracts. Money on deposit is held on treasury reserve, partly to finance working capital and also to help finance future acquisitions.

INTEREST RATE RISK

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. The Group's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities. The Group finances specific large plant acquisitions via hire purchase or finance lease contracts. The Group pays interest on:

- Short term borrowings at between 2.1% over base rate and 8%
- finance leases at 2.0% to 2.5% over base rate

If the Group's interest rates were to rise/fall by 10% then the interest charge within the financial statements would increase/ decrease by £14k (2013: £2k), equity and reserves would reduce/increase by the same amount, and the charge would be £135,000/£163,000 (2013: £58,000/£62,000).

FOREIGN CURRENCY RISK

The Group transacts certain purchases and sales in foreign currencies. At 31 March 2014 there were no (2013: none) foreign currency forward contracts in force.

Foreign exchange differences on retranslation of monetary foreign currency assets and liabilities are taken to the income statement of the Group.

If the US Dollar and Euro were to fall/rise against GBP by 10% on the closing rate and average annual rate at 31 March 2014 then Group profits would rise/fall by £181,000 at 31 March 2014 (2013: £230,000) and equity and reserves would increase/reduce by the same amount.

COMMODITY PRICE RISK

The Group's exposure to the price of steel is high, therefore selling prices are monitored regularly to reduce the impact of such risk and opportunities to reduce material costs are explored constantly. The Group has partly responded to this risk by sourcing materials in low cost countries. In addition, any increases in the cost of steel would be passed onto customers.

If steel prices were to fall/rise by 10% on the closing year end price, and the Group was unable to pass the increase onto customers, then Group profits would rise/fall by £417,000 at 31 March 2014 (2013: £296,000) and equity and reserves would increase/reduce by the same amount.

FINANCIAL ASSETS AND LIABILITIES

The IAS 39 categories of financial assets included in the statement of financial position and the headings in which they are included are as follows:

	2014 £'000	2013 £'000
Non financial asset	238	348
Loans and other receivables	6,243	5,939
Total assets	6,481	6,287

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2014

23 FINANCIAL INSTRUMENTS continued

The financial assets are included in the statement of financial position in the following headings

	2014 £'000	2013 £'000
Current assets		
Trade and other receivables	4,959	5,242
Cash and cash equivalents	1,284	697
	6,243	5,939

The IAS 39 categories of financial liabilities included in the statement of financial position and the headings in which they are included are as follows:

	2014 £'000	2013 £'000
Non financial liability	356	298
Financial liabilities measured at amortised cost	8,463	6,628
Total liabilities	8,819	6,926

The financial liabilities are included in the statement of financial position in the following headings

	2014 £'000	2013 £'000
Current liabilities		
Trade and other payables	3,793	4,023
Borrowings	4,511	2,385
Non-current liabilities		
Borrowings	159	220
	8,463	6,628

FAIR VALUE HIERARCHY

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy prescribed by IFRS 7 Financial Instruments Disclosures. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1 : quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2 : inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices) and

Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

There are no financial assets or liabilities measured at fair value in the statement of financial position at 31 March 2014 (2013: none).

24 CAPITAL MANAGEMENT POLICIES PROCEDURES

The Group's capital management objectives are:

- to ensure that the Group can continue as a going concern;
- to ensure the Group has adequate resources to support the strategy of the Group; and
- to provide a return to the Group's shareholders.

The Group's capital equals total equity less cash and cash equivalents. The Group's financing includes total equity plus borrowings. The borrowings have been taken out to provide working capital for the Group.

25 DERIVATIVES

At the year end the Group had no (2013: none) forward currency exchange contracts in place.

26 SHARE CAPITAL

	2014 £'000	2013 £'000
Authorised		
100,000,000 ordinary shares of 10 pence each	10,000	10,000
Allotted and issued		
33,495,000 (2013: 33,395,000) ordinary shares of 10 pence each	3,349	3,339

All 10 pence ordinary shares carry the same voting rights and rights to discretionary dividends.

27 BUSINESS COMBINATION

As reported in the previous financial year, on 4 March 2013 the Group acquired the trade and assets of Whitley Products Inc, a company incorporated in the USA via an intermediate subsidiary, Franklin Tubular Products Inc, for consideration of \$2,994,000.

Due to the proximity of the acquisition to the previous year end, the Directors performed an initial assessment of the fair value of the net assets acquired. Where the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group retrospectively adjusts the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. The measurement period shall not exceed one year from the acquisition date.

IFRS 3 Business Combinations requires that during the measurement period, the acquirer shall recognise adjustments to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date. Thus, the Group has revised comparative information for prior periods presented in its financial statements as needed, including making any change in depreciation, amortisation or other income effects recognised in completing the initial accounting. The measurement period adjustments were recorded due to new information obtained by the directors about facts and circumstances that existed at the acquisition date around the valuation of freehold property and inventories.

Those fair value estimates have been revisited during the current financial year and remeasured as follows:

	Provisional amounts £'000	Remeasure- ment £'000	Revised £'000
Fair value of consideration transferred			
Amount settled in cash	1,984	—	1,984
Recognised amounts of identifiable net assets			
Property, plant and equipment	1,555	989	2,544
Total non-current assets	1,555	989	2,544
Inventories	1,260	(570)	690
Total current assets	1,260	(570)	690
Trade and other payables	—	(152)	(152)
Total liabilities	—	(152)	(152)
Identifiable net assets	2,815	267	3,082
Bargain purchase on acquisition	831	267	1,098

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2014

27 BUSINESS COMBINATION continued

CONSIDERATION TRANSFERRED

The acquisition was settled in cash amounting to \$2,994,000 (£1,984,000).

BARGAIN PURCHASE ON ACQUISITION

The gain on the bargain purchase is recognised in prior year profit or loss.

28 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2014 or 31 March 2013.

29 CAPITAL COMMITMENTS

There were no capital commitments at 31 March 2014 or 31 March 2013.

30 LEASING COMMITMENTS

The Group's aggregate minimum operating lease payments for the remaining lives of the leases are as follows:

	2014 Land and buildings £'000	2013 Land and buildings £'000	2014 Other £'000	2013 Other £'000
In one year or less	490	513	106	117
One to five years	1,506	1,826	114	116
Greater than five years	2,250	643	—	—
	4,246	2,982	220	233

31 TRANSACTIONS WITH RELATED PARTIES

During the year Malvaire Properties Limited, in which R Allsop, a non-executive director, has a beneficial interest acquired ownership of a property occupied by a Group company under an operating lease. The company incurred operating lease charges of £24k during this ownership period and included in prepayments is £14k relating to this lease.

During the year, the Group agreed terms for the formation of a joint venture in China, Minguang-Tricorn Tubular Products Nanjing Ltd. Since the date of incorporation of the joint venture, the Group has made sales to the joint venture of £Nil and purchases from the joint venture of £0.379m. At the balance sheet date amounts held in trade and other receivables and owed to the Group by the joint venture amounted to £Nil, and amounts held in trade and other payables and owed by the Group to the joint venture of £0.125m.



Tricorn Group plc

Company Statutory Annual Report Under UK GAAP

For the year ended 31 March 2014

Company number 1999619

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COMPANY STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2014

The Directors are responsible for preparing the Directors' report and the Company only financial statements ("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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 and 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 estimates that are reasonable and prudent;
- state whether applicable UK 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.

The Directors confirm that:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken, as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TRICORN GROUP PLC

We have audited the parent company financial statements of Tricorn Group plc for the year ended 31 March 2014 which comprise the parent company balance sheet and notes 1 to 15. 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).

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 AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 48, the directors are responsible for the preparation of the parent Company 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 parent Company 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 (APB'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 FRC's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the parent Company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014;
- 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 parent Company 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

OTHER MATTER

We have reported separately on the Group financial statements of Tricorn Group plc for the year ended 31 March 2014.

David Munton

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Birmingham

Date: 9 June 2014

COMPANY BALANCE SHEET

AT 31 MARCH 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets		3	2
Investments	7	8,447	8,420
		8,450	8,422
Current assets			
Debtors: amounts due within one year	8	518	10,860
Cash at bank and in hand		29	126
		547	10,986
Creditors: amounts falling due within one year	9	(1,635)	(12,305)
Net current liabilities		(1,588)	(1,319)
Total assets less current liabilities		6,862	7,103
Net assets		7,362	7,103
Capital and reserves			
Called up share capital	10	3,349	3,339
Share premium account	11	1,692	1,692
Share based payment reserve	11	343	285
Merger reserve	11	1,592	1,592
Profit and loss account	11	386	195
Equity shareholders' funds		7,362	7,103

The financial statements were approved by the Board of Directors on 9 June 2014.



M I Welburn
Director

Company number: 1999619

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

1 BASIS OF PREPARATION

The separate financial statements of the Company have been prepared under the historical cost convention and in accordance with UK accounting standards.

The principal activity of the Company is that of a holding company which has remained unchanged from the previous year.

2 ACCOUNTING POLICIES

INVESTMENTS

Investments held by the Company are included at cost less amounts written off. Where the consideration for the acquisition of a subsidiary undertaking includes shares in the Company to which the provisions of Section 612 of the Companies Act 2006 apply, cost represents the nominal value of shares issued together with the fair value of any additional consideration given and costs.

FINANCIAL INSTRUMENTS

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered.

Deferred tax is measured using rates of tax that have been enacted or substantially enacted by the balance sheet date.

SHARE BASED PAYMENTS

All share-based payment arrangements are recognised in the parent Company's financial statements. The Company operates equity-settled share-based remuneration plans for remuneration of employees of the Company and its subsidiaries. Options are issued by the parent to the employees of the Company and its subsidiaries. The charge for the share based remuneration is recognised in the parent Company profit and loss account.

All employee services received in exchange for the grant of any share-based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to the share based payment reserve, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2014

2 ACCOUNTING POLICIES continued

EQUITY

Share capital is determined using the nominal value of shares that have been issued. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. When the Company purchases its own shares, the consideration is deductible from equity attributable to the Company's equity holders until the shares are either cancelled or reissued. When this happens, any consideration received is included in equity attributable to equity holders.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The merger reserve represents the difference between the issue price and the nominal value of shares issued as consideration for the acquisition of a subsidiary undertaking when the Company has taken advantage of merger relief.

The profit and loss account includes all current and prior period results.

3 PROFIT FOR THE FINANCIAL YEAR

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company's profit for the year was £302,000 (2013: Loss £87,000).

Auditor's remuneration incurred by the Company during the year for audit services totalled £13,000 (2013: £13,000), and for tax compliance services totalled £2,000 (2013: £2,000).

4 DIRECTORS' AND EMPLOYEES' REMUNERATION

Staff costs during the year were as follows:

	2014 £'000	2013 £'000
Wages and salaries	869	815
Social security costs	77	103
Other pension costs	37	29
	983	947

The average number of persons (including directors) employed by the Company during the year was 11 (2013: 11).

5 DIRECTORS' EMOLUMENTS

All details on directors remuneration are given in note 5 of the Group financial statements.

6 SHARE BASED EMPLOYEE REMUNERATION

All details on share options are included in note 7 of the Group financial statements.

7 FIXED ASSET INVESTMENTS

	Total £'000
Cost	
At 1 April 2013	9,702
Additions	27
At 31 March 2014	9,729
Impairment	
At 1 April 2013 and 31 March 2014	(1,282)
Net book value	
At 31 March 2014	8,447
At 31 March 2013	8,420

During the year ended 31 March 2013 the company acquired the trade and assets of Whitley Products Inc, a company incorporated in the USA, via an intermediate subsidiary, Franklin Tubular Products Inc, for consideration of \$2,994,000. The company incurred associated legal and professional costs of £240,000, which are included within the cost of investment shown above.

At 31 March 2014 the Company holds 100% of the ordinary share capital of the following subsidiaries:

Name of subsidiary undertaking	Country of incorporation	Description of shares held	% of nominal value of shares held	Principal business activity
Malvern Tubular Components Limited	United Kingdom	Ordinary	100	Manufacturer of tubular components
RMDG Aerospace Limited	United Kingdom	Ordinary	100	Manufacturer of aerospace fittings
Maxpower Automotive Limited	United Kingdom	Ordinary	100	Manufacturer of highway and automotive tubular and pipe components
Maxpower Automotive Components Manufacturing (Wuxi) Limited	China	Ordinary	100	Manufacturer of highway and automotive tubular and pipe components
Franklin Tubular Products Inc	USA	Ordinary	100	Manufacturer of tubular assemblies and components to highway and heavy duty truck market
Robert Morton DG Limited*	United Kingdom	Ordinary	100	Dormant
Hallco 347 Limited	United Kingdom	Ordinary	100	Dormant

* Held by a subsidiary undertaking

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2014

8 DEBTORS

	2014 £'000	2013 £'000
Amounts owed by subsidiary undertakings	500	10,697
Other debtors	18	59
Prepayments and accrued income	—	104
	518	10,860

9 CREDITORS: AMOUNTS DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Bank borrowings	337	579
Trade creditors	—	157
Amounts due to subsidiary undertakings	1,104	11,267
Other taxes and social security	28	29
Corporation tax	—	7
Accruals and deferred income	166	266
	1,635	12,305

Borrowings are repayable as follows:

	2014 £'000	2013 £'000
Within one year		
— bank borrowings	337	579
After one and within two years		
— bank borrowings	—	—
	337	579

10 SHARE CAPITAL

	2014 £'000	2013 £'000
Authorised		
100,000,000 ordinary shares of 10 pence each	10,000	10,000
Allotted and issued		
33,495,000 (2013: 33,395,000) ordinary shares of 10 pence each	3,349	3,339

All 10p ordinary share capital carry the same voting rights and rights to discretionary dividends.

11 RESERVES

	Share premium £'000	Share based payment reserve £'000	Merger Reserve £'000	Profit and loss account £'000
At 1 April 2013	1,692	285	1,592	195
Share based payment charge	—	58	—	—
Profit for the year	—	—	—	302
Dividends paid	—	—	—	(111)
At 31 March 2014	1,692	343	1,592	386

12 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2014 £'000	2013 £'000
Profit for the financial year	302	(87)
Issue of new shares	10	—
Dividends paid	(111)	(77)
Share based payment charge	58	58
Net decrease to shareholders' funds	259	(106)
Opening equity shareholders' funds	7,103	7,209
Closing equity shareholders' funds	7,362	7,103

13 CONTINGENT LIABILITIES

The Company has given an unlimited guarantee against the bank borrowings of its subsidiaries. At 31 March 2014 the balances amounted to £nil (2013: £nil).

There were no further contingent liabilities at 31 March 2014 or 31 March 2013.

14 CAPITAL COMMITMENTS

There were no capital commitments at 31 March 2014 or at 31 March 2013.

15 RELATED PARTIES

The Company has taken advantage of the exemption under FRS 8 from disclosure of related party transactions with other Group companies, on the grounds that they are wholly owned subsidiaries.

COMPANY INFORMATION

Company registration number:

1999619

Registered office:

Spring Lane
Malvern Link
Malvern
Worcestershire
WR14 1DA

Directors:

Nicholas Campbell Paul CBE (Chairman and Non-Executive Director)
Michael Ian Welburn (Chief Executive Officer)
Phillip Lee (Group Finance Director)
David Edward Leakey (Group Sales Director)
Roger Allsop (Non-Executive Director)

Secretary:

Phillip Lee

Nominated adviser and Nominated broker:

Westhouse Securities Limited
20th Floor
Heron Tower
110 Bishopsgate
London
EC2N 4AY

Registrars:

Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
West Midlands
B63 3DA

Bankers:

HSBC Bank plc
5 Broad Street
Worcester
WR1 2EJ

Solicitors:

Harrison Clark
5 Deansway
Worcester
WR1 2JG

Auditors:

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Colmore Plaza
20 Colmore Circus
Birmingham
B4 6AT

