



**TRICORN GROUP PLC**

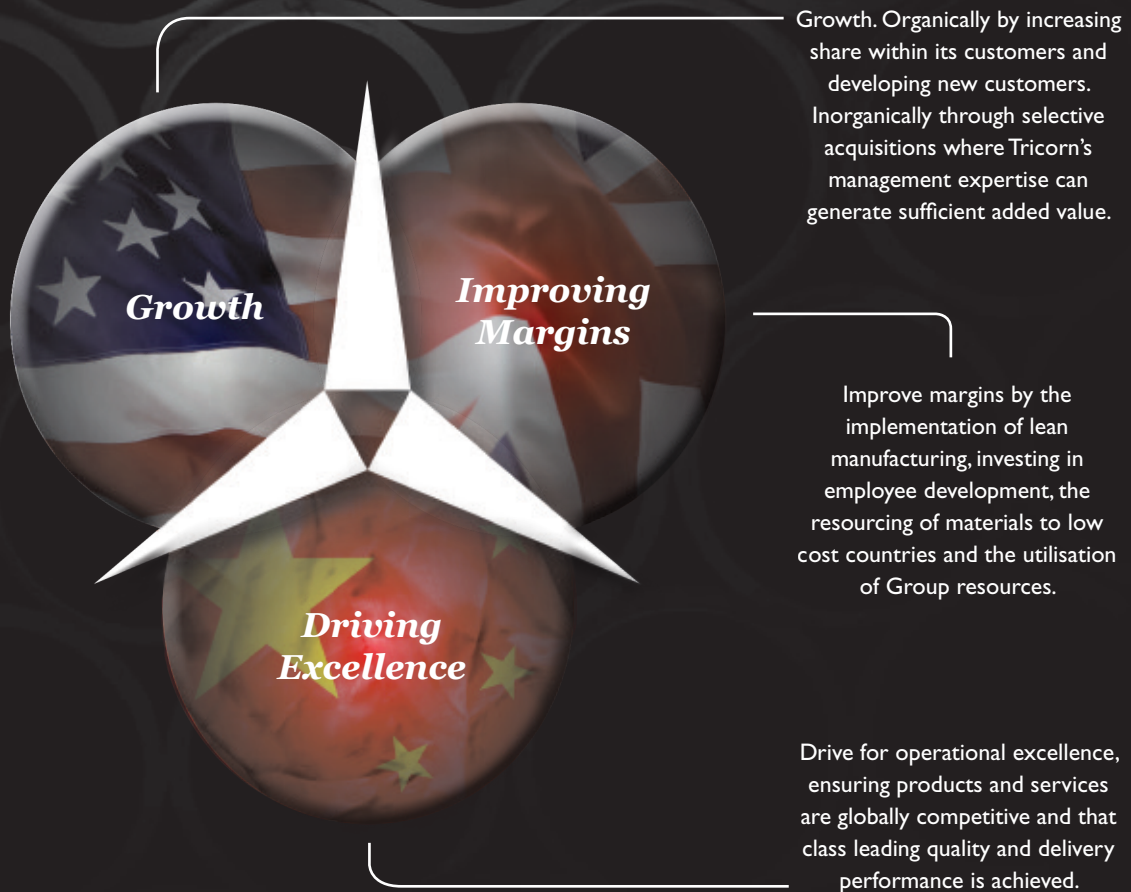
Annual Report & Accounts for  
the year ended 31 March 2015

# Welcome to Tricorn Group plc

***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.*

## Our 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) and Transportation (on and off highway including trucks, construction & agriculture).



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

# Highlights 2015

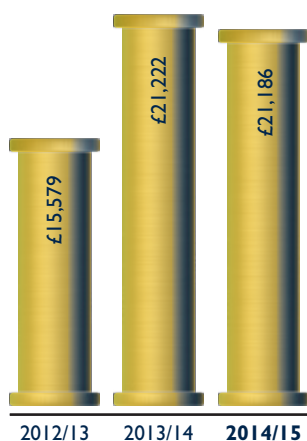
- Return to profitability at operating profit level
- Net debt reduced
- Significant improvements in operational performance of the USA business
- Expanding international presence helped secure contract win c£10m in December 2014
- Appointment of new non-executive Chairman with over 30 years' experience in international engineering groups



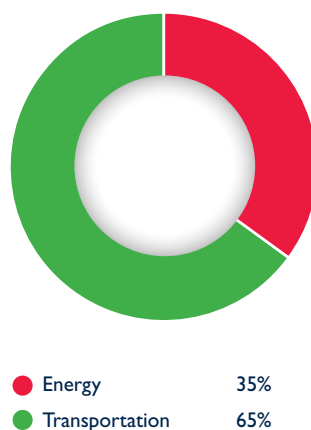
Visit us online at [www.tricorn.uk.com](http://www.tricorn.uk.com)

OUR BUSINESS

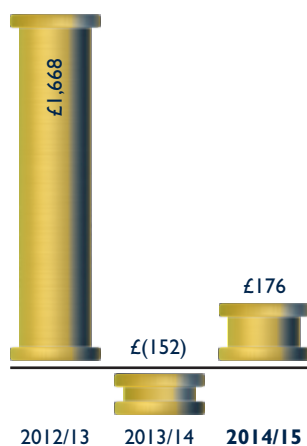
**Revenue restated**  
(£'000)



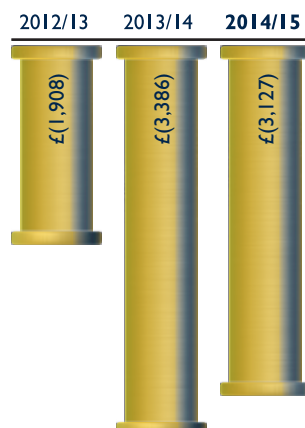
**Revenue by sector**  
(%)



**Adjusted operating profit/loss**  
(£'000)



**Net debt**  
(£'000)



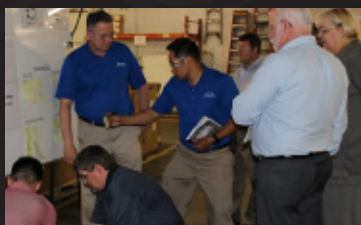
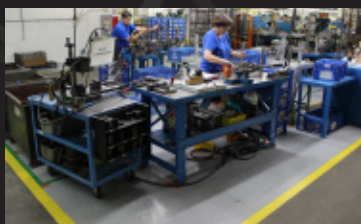
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# Group at a Glance

## North America

- ▲ Franklin Tubular Products Inc
- ▲ Acquired March 2013
- ▲ c65,000 sq ft facility
- ▲ Major OEM customers in the commercial and off road sectors
- ▲ Strengthened the management team in the year
- ▲ Significant improvements in operational performance driven by Gemba implementation.



## United Kingdom

- ▲ Malvern Tubular Components Limited and Maxpower Automotive Limited
- ▲ c127,500 sq ft of manufacturing space
- ▲ Serving customers in on and off road, power generation, oil & gas and mining sectors
- ▲ Maxpower maintained silver SQEP status with its largest customer
- ▲ Malvern continues to improve performance with the introduction of Touch Point Inspection and One Piece Flow Production Systems

**December 2001**  
Listed on AIM

**June 2005**  
China team based in Nanjing established

**June 2006**  
Acquired RMDG Aerospace Ltd

**June 2007**  
Acquired Maxpower Automotive Ltd





### *Locations:*

- ❶ Malvern, UK - Manufacturing facility
- ❷ West Bromwich, UK - Manufacturing facility
- ❸ Franklin, North Carolina, US Manufacturing facility
- ❹ Wuxi, China - Manufacturing facility
- ❺ Nanjing, China - Manufacturing facility
- ❻ Nanjing, China - Purchasing office

### *China*

- ▲ Maxpower Automotive Components (Wuxi) Limited and Minguang-Tricorn Tubular Products (Nanjing) Limited
- ▲ Maxpower entered into production in March 2013
- ▲ Minguang-Tricorn is a joint venture formed in July 2013
- ▲ c67,500 sq ft total manufacturing space
- ▲ Serving customers in the off road and power generation sectors
- ▲ Chinese businesses continue to expand their product range and customer base



#### **March 2012**

Announced investment in China manufacturing facility

#### **March 2013**

Acquired Franklin Tubular Products Inc and first products shipped from our manufacturing facility in Wuxi, China

#### **July 2013**

Investment in joint venture, Minguang-Tricorn Tubular Products (Nanjing) Ltd

#### **November 2013**

Disposed of Redman Fittings business

#### **August 2014**

Disposed of RMDG Aerospace business

# Strategic Report

## Chairman's and Chief Executive's Statement



*“The Group has made encouraging progress, with the improvements made in the previous year within the Energy division being maintained and the impact of the recent operational changes in the USA starting to take effect in the latter part of the year.”*

### Performance in the year ended 31 March 2015

Market conditions remained challenging through the year ended 31 March 2015 as anticipated in the interim results statement in December 2014. However, revenue from continuing operations was broadly flat at £21.186m when compared to the previous year (2014: restated £21.222m).

In the Transportation division, increased second half revenues in the USA and China businesses, generated mainly through new business growth, helped to offset lower UK demand. Encouragingly, revenue in the Energy division was ahead of the previous year.

The Energy division continued to perform well, which, when coupled with an improved performance from the Transportation's USA business in the latter part of the year, helped the Group to deliver an underlying operating profit of £0.176m, substantially ahead of the previous year (2014: restated operating loss £0.017m). The underlying loss before tax at £0.055m (2014: restated loss before tax £0.193m) reflects a return to profit in the second half of the year.

### Business review

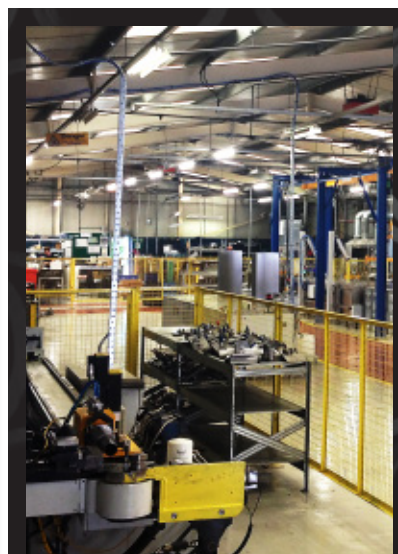
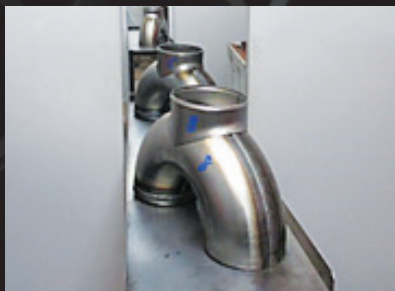
Following the sale of its Aerospace business, completed in August 2014, the Group operates two main business

divisions focused on the transportation and energy sectors. From the Group's five manufacturing facilities, the businesses serve a global blue chip OEM customer base, many of whom have major facilities in the UK, USA, and China as well as elsewhere in the world.

With manufacturing operations now established in these key locations, the Group is ideally positioned to support its customers' facilities as they seek to localise supply and technical support.



**Pictured:** Manufacturing improvements at Malvern with the introduction of One Piece Flow Production Systems.



**Pictured:** Development of the hydraulic tube assembly cell at Maxpower.



## Transportation

The Transportation division 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.

Revenue for the year ended 31 March 2015 was £13.760m (2014: £14.289m), with increasing second half revenue in the USA and China helping to offset lower second half revenue in the UK.

The USA based business, Franklin Tubular Products, started the year suffering from the impact of resourcing decisions made by customers when the business was in receivership prior to its acquisition. As a result, the USA business struggled in the six months to 30 September 2014, with lower volumes impacting on productivity and profitability. Following changes to the senior USA management team, including the appointment of a new general manager at the end of September 2014, significant improvement in operational performance has already been achieved. The USA business exited the year with improving margins, a lower cost base, increasing momentum and prepared

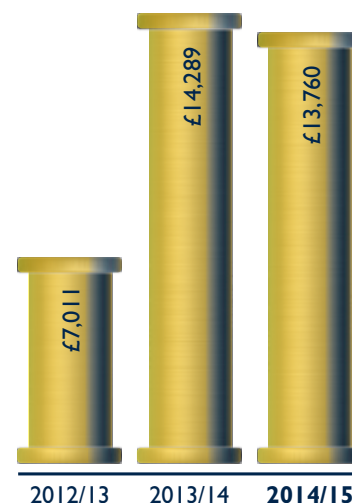
for further growth. Revenue with new customers is developing well.

In December 2014, the Group announced that Maxpower Automotive UK, part of the Transportation division, had signed a five year Long Term Agreement with a major British construction equipment manufacturer. The contract is expected to generate circa £10m of revenue for the Group over its duration, based on the current predicted volumes. The installation and commissioning of the new plant and equipment to support this new business is progressing to plan. The investment extends the site's capability into rigid hydraulic tube assemblies, using know-how acquired with the USA business providing additional opportunities for growth.

Both the wholly owned and joint venture businesses in China continue to attract new business.

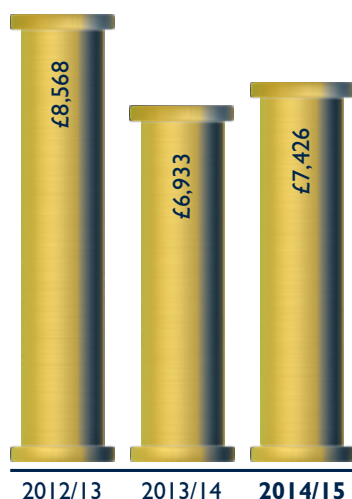
Losses within the Transportation business were substantially reduced in the latter part of the year, but overall the segment reported an underlying loss for the year of £0.378m (2014: profit £0.021m).

### Revenue (£'000) Transportation



## Energy

### Revenue (£'000) Energy



The Energy division is focused on the design and manufacture of larger tubular assemblies and fabrications for diesel engines and radiator sets. The key markets served through its customers are power generation, mining, marine and oil & gas applications. All of these key markets offer significant long term growth potential, but as has been widely reported, most have remained soft through the reported period. Despite these market conditions, the business has generated year on year revenue growth of 7.1%, having successfully capitalised on new business opportunities and by responding quickly to increases in demand where its customers have won additional business on short lead times.

Energy revenue increased in the year ended 31 March 2015 to £7.426m (2014: restated £6.933m).

The business performed well operationally during the year, generating further substantial improvements in productivity. This combined with the benefits of the restructuring undertaken in the previous year ensured that the business returned to profitability. Underlying segmental profit before tax was £0.567m (2014: restated loss £0.027m)





# Strategic Report continued

## Financial Review



The Group continues to make significant progress in all of its operations. After divesting its RMDG Aerospace business, the Group's focus is now on serving the energy and transportation markets.

The Group's profit and loss account for the prior year has been restated to show the Aerospace business as discontinued.

The underlying business delivered a loss before tax of £0.055m (2014 restated: loss before tax £0.193m).

### Income statement

Revenue for the year was in line with the prior year at £21.186m (2014 restated: £21.222m), with gross margins also in line at 36.0% (2014 restated: 36.0%).

After deducting administration and distribution costs, the Group returned to operating profitability with underlying operating profit of £0.176m compared to the prior year restated underlying operating loss of £0.017m.

Net finance income for the year was £0.039m (2014 restated: net finance cost £0.134m) after the receipt of one-off income of £0.214m. Finance costs of £0.175m are interest costs against the Group's short term borrowing and lease finance facilities.

The Group made an underlying loss before tax for the year of £0.055m (2014 restated: loss before tax £0.193m), which after making a first half loss of £0.070m shows that the Group is making good progress as it delivered a small second half profit of £0.015m. After deducting intangible asset amortisation, the share based payment charge and a small amount of restructuring, the loss before tax for the year was £0.036m (2014 restated: loss before tax £0.574m).

Losses attributable to discontinued activities in the year related to the RMDG Aerospace business which as referred to above, the Group disposed of on 12 August 2014. The Group made a net loss on disposal of the assets of £0.040m. After writing down goodwill and intangible assets of £0.325m, taking into account the trading losses of the business to the date of disposal of £0.243m

and deferred tax releases of £0.016m, discontinued business losses for the year were £0.592m (2014: discontinued losses £0.315m).

Basic LPS for continuing businesses was (0.46)p (2014: restated LPS 1.64p) and after adjusting for one-off items, the underlying LPS was (0.50)p (2014: LPS 0.50p).

### Cash flow

The Group has continued to invest in its overseas facilities during the year, with the final injection of registered capital being made into the Chinese WFOE. At 31 March 2015 the Group had reduced net debt to £3.127m (2014: £3.386m). As at the year end, the Group's cash and cash equivalents were £0.694m (2014: £1.284m). At the same date, gearing had reduced to 48.6% (2014: 49.5%).

During the year the Group sold its RMDG Aerospace business. The sale included the trade, certain assets and liabilities of the business and generated gross proceeds of £1.137m, which is shown within cash flows from investing activities.

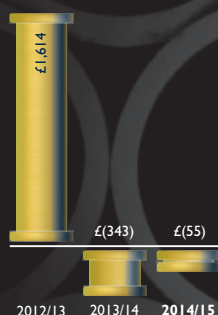
The Group uses short term borrowings to fund its operating activities, with selected capital additions and larger projects being financed by lease finance arrangements. At the year end the Group did not have any term debt in place.

### Balance sheet

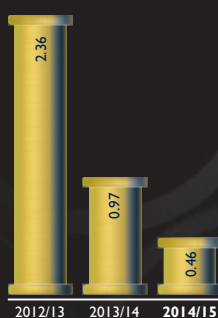
Non-current assets of the Group were £5.273m, which was a reduction of £0.888m on the prior year. The reduction in tangible and intangible assets was predominantly as a result of the disposal of RMDG Aerospace, coupled with lower capital expenditure within the continuing operations. The capital additions to depreciation ratio in the year was 0.46 (2014: 0.97).

On translation of its overseas assets and liabilities, the Group made an exchange gain of £0.281m (2014: loss £0.226m). This is a non-cash movement which is not hedged and is treated as a movement in other comprehensive income. As a result of this transaction, the translation reserve in shareholders funds now shows a £0.55m surplus (2014: loss £0.226m).

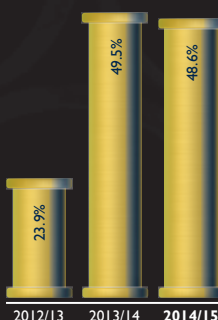
### Adjusted (LBT)/PBT (£'000)



### Capital Expenditure/Depreciation ratio



### Gearing (%)







## People

The Board would like to take the opportunity to thank all of its employees for their continuing hard work and support and also to thank Nick Paul, who retired from the Board at the end of the financial year after 14 years of service.

## Outlook

The Group has made encouraging progress, with the improvements made in the previous year within the Energy division being maintained and the impact of the recent operational changes in the USA starting to take effect in the latter part of the year. The major contract win by Maxpower Automotive announced in December 2014 and increasing second half revenues in the USA and China are positive indications of the Group's potential to deliver organic revenue growth and shareholder value over the medium term.

Whilst we anticipate our markets to remain challenging, the Board expects to make further progress through the current year.

## 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.



Pictured: The team at Franklin.

## Case Study



Tricorn's ability to respond quickly to its customers enables it to win new customer accounts and business.

Recently, the Group worked with a new customer to move a complete manufacturing cell and new work package into our facility over a weekend, entering into full production at the start of the following week and avoiding any downtime to the customer.

The result is that the Group has a new customer account, in a key market sector, with the potential to target additional new business.



Andrew Moss  
Chairman  
9 June 2015

Mike Welburn  
Chief Executive  
9 June 2015

Philip Lee  
Director  
9 June 2015

# Board of Directors

## 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 & gas markets. David has also held the position of Sales Director in Norgren's Life Sciences and Automotive sectors.

## Committees

### Audit Committee

Roger Allsop – Chairman  
Andrew Moss  
Phil Lee – Secretary

### Nomination Committee

Roger Allsop – Chairman  
Andrew Moss  
Phil Lee – Secretary

### Remuneration Committee

Roger Allsop – Chairman  
Andrew Moss  
Phil Lee – Secretary

## Non-executive Directors



**Andrew Moss**  
**Non-executive Chairman**

Appointed as non-executive Director in November 2014 and Chairman in December 2014. Member of the Audit, Remuneration and Nomination Committees. He has over 30 years' experience in international engineering groups specialising in aviation, automotive and power electronics products, and advanced composite materials. He spent 13 years with Umeco Plc, five years of which was spent as a main board Director; resulting in his appointment as Chief Executive in 2011. Prior to this he was with BTR/Invensys Plc managing a number of international manufacturing businesses.



**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, Nomination and Remuneration Committees. He was previously Managing Director of Westwood Dawes plc and non-executive Director of Netcall plc.



# Report of the Directors

for the year ended 31 March 2015

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

## Directors

The present membership of the Board is set out below.

A B Moss (appointed 3 November 2014)

N C Paul CBE (Resigned 31 March 2015)

R Allsop

M I Welburn

P Lee

D E Leakey

## Share capital

Details of the Company's share capital are given in note 25 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 27 May 2015, were as follows:

	Ordinary shares of 10 pence each Number	Percentage of capital %
R Allsop	11,220,000	33.50
Hargreave Hale Limited	6,156,655	18.38
W B Nominees	1,388,334	4.14
BRI Nominees Limited	1,370,150	4.09
Quilter Nominees Limited	1,025,000	3.06

## Business review, key performance indicators (KPIs) and principal risks and uncertainties

A review of the Group's trading operations, KPIs and principle risks and uncertainties is contained in the Strategic Report on page 4.

## Employment policies

Management places emphasis on training and developing its employees. In addition, management encourages self-development which in turn aids succession planning, supporting the strategic growth of the Group.

Employees are kept up to date with management policies and their respective duties. Management emphasises the importance of good communication and relations with all employees throughout the Group.

It is the policy of the Group that there should be no unfair discrimination in considering applications for employment, including those from disabled persons. Employees are given equal opportunities for career development and promotion.

Management takes a proactive approach to the welfare of the Group's employees and the strong commitment to health and safety is cascaded down to all levels of the business by senior management.

## 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 facility, 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 looks to recharge any increased cost of commodities to customers.

# Report of the Directors

continued

for the year ended 31 March 2015

## Foreign currency risk

Certain purchases and sales are made in foreign currencies. In order to minimise the impact of currency movements the Group utilises 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 ongoing 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; and
- ▲ 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 2015





# Corporate Governance

for the year ended 31 March 2015

## 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 and 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 supplies 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 A B Moss and the other non-executive Director is R Allsop. The Board approves 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 within its bank facilities 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.

# Corporate Governance continued

for the year ended 31 March 2015

## 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 A B Moss 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 month's 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 month's written notice given by either party to the other at any time.

A B Moss has a letter of appointment with the Company which is terminable upon one month's written notice being given by either party. R Allsop has a letter of appointment with the Company which is terminable upon six month's written notice being given by either party.

## 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 2015 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 2015 Number	Exercise price £
<b>Unapproved share options</b>						
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
<b>Enterprise management incentive scheme (EMI) options</b>						
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 available for exercise for six months following the date of his resignation from the Board.

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 2015. 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 2015 was 17.50p (31 March 2014: 17.00p) and the range during the year was 13.25p to 21.75p (2014: 17.00p to 41.00p).



# 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 2015 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 10, 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## Opinion on financial statements

In our opinion the:

- ▲ financial statements give a true and fair view of the state of the Group's and parent Company's affairs as at 31 March 2015 and of the Group's loss for the year then ended;
- ▲ Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- ▲ the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▲ financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matters 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:

- ▲ adequate accounting records have not been kept by the parent Company, or returns adequate for the audit have not been received from branches not visited by us; or
- ▲ the parent Company financial statements are not in agreement with 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 parent Company financial statements of Tricorn Group plc for the year ended 31 March 2015.

## David Munton

Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor; Chartered Accountants  
Birmingham  
9 June 2015

# Tricorn Group plc

## Group Consolidated Financial Statements

For the year ended 31 March 2015

Company number 1999619

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# Group Income Statement

for the year ended 31 March 2015

	Note	2015 £'000 Underlying	2015 £'000 Non-underlying	2015 £'000 Group	Restated 2014 £'000 Underlying	Restated 2014 £'000 Non-underlying	Restated 2014 £'000 Group
<b>Revenue</b>	3	<b>21,186</b>	<b>—</b>	<b>21,186</b>	21,222	—	21,222
Cost of sales		(13,552)	—	(13,552)	(13,570)	—	(13,570)
<b>Gross profit</b>		<b>7,634</b>	<b>—</b>	<b>7,634</b>	7,652	—	7,652
Distribution costs		(1,082)	—	(1,082)	(1,328)	—	(1,328)
Administration costs							
— General administration costs		(6,376)	—	(6,376)	(6,341)	—	(6,341)
— Restructuring costs		—	(59)	(59)	—	(164)	(164)
— China start up costs		—	—	—	—	(104)	(104)
— Intangible asset amortisation	12	—	(78)	(78)	—	(55)	(55)
Share based payment charge	6	—	(58)	(58)	—	(58)	(58)
<b>Total administration costs</b>		<b>(6,376)</b>	<b>(195)</b>	<b>(6,571)</b>	(6,341)	(381)	(6,722)
<b>Operating profit/(loss)</b>	3/4	<b>176</b>	<b>(195)</b>	<b>(19)</b>	(17)	(381)	(398)
Share of loss from joint venture	14	(56)	—	(56)	(42)	—	(42)
Finance costs	8	(175)	214	39	(134)	—	(134)
<b>(Loss)/profit before tax</b>		<b>(55)</b>	<b>19</b>	<b>(36)</b>	(193)	(381)	(574)
Income tax (expense)/credit	9	(113)	(4)	(117)	26	—	26
<b>(Loss)/profit after tax from continuing operations</b>	3	<b>(168)</b>	<b>15</b>	<b>(153)</b>	(167)	(381)	(548)
<b>Loss for the year attributable to discontinued operations</b>	26	<b>—</b>	<b>(592)</b>	<b>(592)</b>	—	(315)	(315)
<b>Attributable to:</b>							
Equity holders of the parent Company		(168)	(577)	(745)	(167)	(696)	(863)
<b>Continuing Operations Earnings per share:</b>							
Basic loss per share	10			<b>(0.46)p</b>			(1.64)p
Diluted loss per share	10			<b>(0.46)p</b>			(1.64)p

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 2015

	2015 £'000	2014 £'000
<b>Loss for the year</b>	<b>(745)</b>	(863)
<b>Other comprehensive income</b>		
<i>Items that will subsequently be reclassified to profit or loss</i>		
Foreign exchange translation differences	<b>281</b>	(226)
<b>Total comprehensive expense attributable to equity holders of the parent</b>	<b>(464)</b>	(1,089)

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



# Group Statement of Changes in Equity

for the year ended 31 March 2015

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Share based payment reserve £'000	Profit and loss account £'000	Total £'000
<b>Balance at 1 April 2013</b>	<b>3,339</b>	<b>1,692</b>	<b>1,388</b>	<b>—</b>	<b>285</b>	<b>1,264</b>	<b>7,968</b>
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)
<b>Balance at 31 March 2014</b>	<b>3,349</b>	<b>1,692</b>	<b>1,388</b>	<b>(226)</b>	<b>343</b>	<b>290</b>	<b>6,836</b>
Share based payment charge	—	—	—	—	58	—	58
Total transactions with owners	—	—	—	—	58	—	58
Loss and Total Comprehensive expense	—	—	—	281	—	(745)	(464)
<b>Balance at 31 March 2015</b>	<b>3,349</b>	<b>1,692</b>	<b>1,388</b>	<b>55</b>	<b>401</b>	<b>(455)</b>	<b>6,430</b>

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

# Group Statement of Financial Position

at 31 March 2015

	Note	2015 £'000	2014 £'000
<b>Assets</b>			
<b>Non-current</b>			
Goodwill	11	391	531
Intangible assets	12	467	730
Property, plant and equipment	13	4,100	4,529
Investment in joint venture	14	315	371
		<b>5,273</b>	6,161
<b>Current</b>			
Inventories	16	2,514	3,149
Trade and other receivables	17	4,872	5,197
Cash and cash equivalents	18	694	1,284
Corporation tax		16	36
		<b>8,096</b>	9,666
<b>Total assets</b>		<b>13,369</b>	15,827
<b>Liabilities</b>			
<b>Current</b>			
Trade and other payables	20	(2,847)	(4,149)
Borrowings	21	(3,808)	(4,511)
Corporation tax		(114)	—
		<b>(6,769)</b>	(8,660)
<b>Non-current</b>			
Borrowings	21	(11)	(159)
Deferred tax	19	(159)	(172)
		<b>(170)</b>	(331)
<b>Total liabilities</b>		<b>(6,939)</b>	(8,991)
<b>Net assets</b>		<b>6,430</b>	6,836
<b>Equity attributable to owners of the parent</b>			
Share capital	25	3,349	3,349
Share premium account		1,692	1,692
Merger reserve		1,388	1,388
Translation reserve		55	(226)
Share based payment reserve		401	343
Profit and loss account		(455)	290
<b>Total equity</b>		<b>6,430</b>	6,836

The financial statements were approved by the Board of Directors on 9 June 2015.



**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 2015

	2015 £'000	2014 £'000
<b>Cash flows from operating activities</b>		
Loss after taxation from continuing operations	(153)	(548)
Adjustment for:		
— Depreciation	659	658
— Net finance costs in income statement	(39)	134
— Amortisation charge	78	55
— Share based payment charge	58	58
— Share of joint venture operating losses	56	42
— Taxation expense recognised in income statement	117	(26)
— Decrease/(increase) in trade and other receivables	267	(69)
— Decrease in trade payables and other payables	(1,249)	(174)
— Increase in inventories	(134)	(634)
Cash absorbed by continuing operations	(340)	(504)
Cash absorbed by discontinued operations	(243)	301
Interest paid	(159)	(103)
Income taxes paid	—	(211)
<b>Net cash absorbed by operating activities</b>	<b>(742)</b>	<b>(517)</b>
<b>Cash flows from investing activities</b>		
Investment in overseas joint venture	—	(413)
Sale of operations	1,137	600
Purchase of plant and equipment – continuing operations	(312)	(692)
Purchase of plant and equipment – discontinued operations	(27)	(22)
Purchase of intangible assets	—	(297)
Interest received	214	—
<b>Net cash used in investing activities</b>	<b>1,012</b>	<b>(824)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary share capital	—	10
Dividend paid	—	(111)
Movement in short term borrowings	(674)	2,128
Payment of finance lease liabilities – continuing operations	(72)	(49)
Payment of finance lease liabilities – discontinued operations	(114)	(50)
<b>Net cash used in financing activities</b>	<b>(860)</b>	<b>1,928</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(590)</b>	<b>587</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,284</b>	<b>697</b>
<b>Cash and cash equivalents at end of year</b>	<b>694</b>	<b>1,284</b>

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

# Notes to the Financial Statements

for the year ended 31 March 2015

## 1 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 worldwide activities in key market sectors, including Power Generation, Oil & Gas, Off Highway, Commercial Vehicles, Agriculture 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.

The consolidated financial statements have been approved for issue by the Board of Directors on 9 June 2015. Amendments to the financial statements are not permitted after they have been approved.

## 2 Accounting policies

### Basis of preparation

This financial information has 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.

The Group distinguishes between underlying and non-underlying items in its Consolidated Income Statement. Non-underlying items are material items which arise from unusual non-recurring or non-trading events. They are disclosed on the Consolidated Income Statement where in the opinion of the Directors such disclosure is necessary in order to fairly present the results for the period. Non-underlying items comprise exceptional costs of Group restructuring, intangible assets amortisation, share based payment charges and China start up costs. In addition, there is one-off finance income received in the current year which is classed as non-recurring.

### 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 headroom within its bank facilities 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.



## 2 Accounting policies continued

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.

### 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:

IAS 28 Investments in Associates & Joint Ventures

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
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2016

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 reviews ageing of inventory, movement levels throughout the year and forecast future usage levels to set an adequate inventory provision to cover obsolete inventory lines. Management also calculates a general stock provision over slow moving stock based on last usage dates. Stock that has not been used for over two years is provided for in full and stock that has not been used for more than one year, but has been used within the last two years, is provided for at fifty per cent. Factors that could impact estimated demand and selling prices are the timing and success of technological developments, competitor actions, supplier prices and economic trends. The carrying value of gross stock, before the stock provision, at the year end was £3,033,000 (year ended 31 March 2014: £3,968,000).
- ▲ In valuing goodwill and intangible assets, management has made certain assumptions in terms of cash flows attributable to cash generating units to which goodwill and intangibles have been allocated. As a result, estimates of future cash flows are required, together with an appropriate discount factor for the purpose of determining the present value of the future cash flows. The basis of review of the carrying value of goodwill and intangibles is detailed later in the accounting policies section.

### Consolidation and investments in subsidiaries

The Group financial statements consolidate those of the parent Company and all of its subsidiaries as of 31 March 2015. 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.

# Notes to the Financial Statements continued

for the year ended 31 March 2015

## 2 Accounting policies continued

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.

### 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 the recoverable amount.





## 2 Accounting policies continued

### 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.

### 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.

# Notes to the Financial Statements continued

for the year ended 31 March 2015

## 2 Accounting policies continued

### 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:

Buildings	40 years
Plant and equipment	3 to 10 years
Motor vehicles	5 years

### 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.



## 2 Accounting policies continued

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.

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.

# Notes to the Financial Statements continued

for the year ended 31 March 2015

## 2 Accounting policies continued

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.

### 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 two main operating segments:

- ▲ Energy: manipulated tubular assemblies for use in power generation, oil & gas and marine sectors.
- ▲ Transportation: ferrous, non-ferrous and nylon material tubular assemblies for use in on and off highway applications.

Revenue, operating profit/(loss) and loss before taxation have been restated to show continuing operations only. During the year, the Group disposed of the RMDG Aerospace business which made up the Group's Aerospace 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 loss for the year attributable to discontinued operations).

RMDG Aerospace was sold for a total of £1,137,175 in cash, resulting in a loss on disposal of £380,000 before tax. The discontinued operation contributed revenue in the period of £1,050,000 (2014: £3,238,000). The operating result for the period was a loss of £212,000 (2014: £359,000). The total loss from the discontinued operation amounted to £592,000.

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

<b>Year ended 31 March 2015</b>	<b>Energy £'000</b>	<b>Transportation £'000</b>	<b>Unallocated £'000</b>	<b>Total £'000</b>
Revenue				
— from external customers	<b>7,426</b>	<b>13,760</b>	<b>—</b>	<b>21,186</b>
— from other segments	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Segment revenues	<b>7,426</b>	<b>13,760</b>	<b>—</b>	<b>21,186</b>
Adjusted operating profit/(loss)*	<b>611</b>	<b>(250)</b>	<b>(185)</b>	<b>176</b>
Restructuring charges	<b>—</b>	<b>(59)</b>	<b>—</b>	<b>(59)</b>
Intangible asset amortisation	<b>—</b>	<b>—</b>	<b>(78)</b>	<b>(78)</b>
Share based payment charge	<b>—</b>	<b>—</b>	<b>(58)</b>	<b>(58)</b>
Operating profit/(loss)	<b>611</b>	<b>(309)</b>	<b>(321)</b>	<b>(19)</b>
Share of loss from joint venture	<b>—</b>	<b>—</b>	<b>(56)</b>	<b>(56)</b>
Net finance (costs)/income	<b>(44)</b>	<b>(128)</b>	<b>211</b>	<b>39</b>
Profit/(loss) before tax	<b>567</b>	<b>(437)</b>	<b>(166)</b>	<b>(36)</b>
Segmental assets	<b>3,513</b>	<b>8,907</b>	<b>949</b>	<b>13,369</b>
Other segment information:				
Capital expenditure	<b>182</b>	<b>120</b>	<b>1</b>	<b>303</b>
Depreciation	<b>226</b>	<b>431</b>	<b>2</b>	<b>659</b>

\* Before intangible asset amortisation, share based payment charges and restructuring costs



# Notes to the Financial Statements continued

for the year ended 31 March 2015

## 3 Segmental reporting continued

Year ended 31 March 2014 (Restated)	Energy £'000	Transportation £'000	Unallocated £'000	Total £'000
Revenue				
— from external customers	6,933	14,289	—	21,222
— from other segments	—	—	—	—
Segment revenues	6,933	14,289	—	21,222
Adjusted operating profit/(loss)*	12	87	(116)	(17)
Restructuring charges	(114)	(10)	(40)	(164)
Intangible asset amortisation	—	—	(55)	(55)
China start up costs	—	(104)	—	(104)
Share based payment charge	—	—	(58)	(58)
Operating profit/(loss)	(102)	(27)	(269)	(398)
Share of loss from joint venture	—	—	(42)	(42)
Net finance costs	(39)	(66)	(29)	(134)
Loss before tax	(141)	(93)	(340)	(574)
Segmental assets	4,033	8,765	3,029	15,827
Other segment information:				
Capital expenditure	238	495	2	735
Depreciation	230	427	1	658

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

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 2015		Year ended 31 March 2014	
	Revenue £'000	Assets £'000	Revenue £'000	Assets £'000
United Kingdom	10,875	6,834	11,155	9,672
Europe	1,231	—	1,189	—
Rest of World	9,080	6,535	8,878	6,155
	21,186	13,369	21,222	15,827

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



#### 4 Profit before taxation

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

	2015 £'000	2014 £'000
<b>Auditors' remuneration:</b>		
Audit of parent Company	13	13
Audit of subsidiaries	56	54
<b>Total audit</b>	<b>69</b>	67
<b>Non-audit services:</b>		
Corporate taxation	14	14
<b>Total non-audit services</b>	<b>14</b>	14
<b>Total fees</b>	<b>83</b>	81
<b>Operating lease charges:</b>		
Land and buildings	407	537
Plant and equipment	63	69
Motor vehicles	82	75
<b>Depreciation and amortisation:</b>		
Intangible assets	78	55
Property, plant and equipment – owned	624	677
Property, plant and equipment – leased	35	57

#### 5 Directors' emoluments

	2015				2014				2015	2014
	Basic £'000	Bonus £'000	Benefits in kind £'000	Total £'000	Basic £'000	Bonus £'000	Benefits in kind £'000	Total £'000	Pension £'000	Pension £'000
A B Moss	12	—	—	12	—	—	—	—	—	—
R Allsop	15	—	—	15	15	—	—	15	—	—
N C Paul CBE	30	—	—	30	30	—	—	30	—	—
M I Welburn*	140	—	24	164	140	—	22	162	11	8
P Lee*	115	—	17	132	110	—	15	125	9	6
D E Leahey*	103	—	9	112	103	—	8	111	—	—
	<b>415</b>	<b>—</b>	<b>50</b>	<b>465</b>	<b>398</b>	<b>—</b>	<b>45</b>	<b>443</b>	<b>20</b>	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 £58k (2014: £54k).

##### Share based payment charge by Director (note 6)

	2015 £'000	2014 £'000
M I Welburn*	15	15
P Lee*	13	13
D E Leahey*	23	23
	<b>51</b>	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 2015

## 6 Employees costs

	2015 Number	2014 Number
The average number of persons (including Directors) employed by the Group during the year was:		
Production	273	292
Sales, distribution and administration	76	80
	349	372

Staff costs during the year were as follows:

	2015 £'000	2014 £'000
Wages and salaries	7,491	8,061
Social security costs	796	796
Other pension costs	102	153
Share based payment charge	58	58
	8,447	9,068

## 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 2014 No. of shares	Granted in year No. of shares	Exercised in year No. of shares	Lapsed in year No. of shares	At 31 March 2015 No. of shares	Exercise price Pence	Life remaining on options at 31 March 2015 Months
<b>Enterprise Management Incentive (EMI) scheme</b>							
Exercise date:							
March 2009 – March 2019	500,000	—	—	—	500,000	10p	48
August 2010 – August 2020	2,184,156	—	—	—	2,184,156	10p	65
	2,684,156	—	—	—	2,684,156		

The weighted average exercise price of the EMI scheme at 31 March 2015 was 10p (2014: 10p). 2,499,956 options were available for exercise at 31 March 2015 (2014: 2,499,956).



## 7 Share based employee remuneration continued

	At 31 March 2014 No. of shares	Granted in year No. of shares	Exercised in year No. of shares	Lapsed in year No. of shares	At 31 March 2015 No. of shares	Exercise price Pence	Life remaining on options at 31 March 2015 Months
<b>Unapproved share options</b>							
Exercise date:							
September 2010 – September 2015	1,000,000	—	—	—	<b>1,000,000</b>	10p	6
September 2010 – September 2020	661,844	—	—	—	<b>661,844</b>	10p	66
June 2011 – June 2021	500,000	—	—	—	<b>500,000</b>	30p	75
December 2011 – December 2021	200,000	—	—	—	<b>200,000</b>	25p	78
March 2015 – March 2025	—	250,000	—	—	<b>250,000</b>	17p	120
	2,361,844	250,000	—	—	<b>2,611,844</b>		
<b>Total share options</b>	<b>5,046,000</b>	<b>250,000</b>	<b>—</b>	<b>—</b>	<b>5,296,000</b>		

The weighted average exercise price of the unapproved share options at 31 March 2015 was 15.5p (2014: 15.5p). 2,161,844 options were available for exercise at 31 March 2015 (2014: 2,161,844).

The market price of the Company's shares at 31 March 2015 was 17.50p (31 March 2014: 17.00p) and the range during the year was 13.25p to 21.75p (2014: 17.00p to 41.00p).

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.

In total, £58,000 (2014: £58,000) of share based employee remuneration expense has been included in the consolidated income statement. No liabilities were recognised due to share based transactions.

# Notes to the Financial Statements continued

for the year ended 31 March 2015

## 8 Finance income and expense

	2015 £'000	2014 £'000
Bank interest receivable	214	—
<b>Finance income</b>	<b>214</b>	<b>—</b>
Invoice discounting interest	120	113
Interest on short term borrowing	46	24
Interest on hire purchase agreements and finance leases	9	12
<b>Finance expense</b>	<b>175</b>	<b>149</b>

## 9 Taxation on loss on ordinary activities

The tax is based on the loss for the year and represents:

	2015 £'000	2014 £'000
UK corporation tax	193	—
Adjustments in respect of prior years	(78)	(85)
Current tax charge for the year	115	(85)
Deferred taxation (note 19)	(13)	(7)
Tax on (loss)/profit on ordinary activities	102	(92)

The tax assessed is different to the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained as follows:

	2015 £'000	2014 £'000
Loss on ordinary activities before tax	(36)	(999)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014: 23%)	(131)	(230)
Effect of:		
Expenses not deductible for tax purposes	61	6
Income not taxable for tax purposes	68	(11)
Unprovided losses	213	128
Losses carried back	—	31
Chargeable gain	—	31
Other short term timing differences	8	38
Adjustments in respect of prior years	(78)	(85)
Deferred tax regarding intangibles	(46)	—
Other differences	7	—
	102	(92)

At 31 March 2015 the Group had tax losses of £432,000 (2014: £149,000) 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 2015			
	Loss £'000	Weighted average number of shares Number '000	Loss per share Pence
<b>Basic loss per share – continuing operations</b>	<b>(153)</b>	<b>33,495</b>	<b>(0.46)</b>
Dilutive shares	—	—	—
<b>Diluted loss per share – continuing operations</b>	<b>(153)</b>	<b>33,495</b>	<b>(0.46)</b>

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

31 March 2015			
	Loss £'000	Weighted average number of shares Number '000	Loss per share Pence
<b>Basic loss per share – discontinued operations</b>	<b>(592)</b>	<b>33,495</b>	<b>(1.77)</b>
Dilutive shares	—	—	—
<b>Diluted loss per share – discontinued operations</b>	<b>(592)</b>	<b>33,495</b>	<b>(1.77)</b>

There is no dilution to the basic or adjusted loss per share in 2015 owing to a loss for the year being reported.

31 March 2014			
	Profit £'000	Weighted average number of shares Number '000	Loss per share Pence
Basic loss per share – continuing operations	(548)	33,468	(1.64)
Dilutive shares	—	—	—
Diluted loss per share – continuing operations	(548)	33,468	(1.64)

31 March 2014			
	Profit £'000	Weighted average number of shares Number '000	Loss per share Pence
Basic loss per share – discontinued operations	(315)	33,468	(0.94)
Dilutive shares	—	—	—
Diluted loss per share – discontinued operations	(315)	33,468	(0.94)

# Notes to the Financial Statements continued

for the year ended 31 March 2015

## 10 Earnings per share continued

31 March 2015			
	Loss £'000	Weighted average number of shares Number '000	Loss per share Pence
<b>Basic loss per share – continuing operations</b>	<b>(153)</b>	<b>33,495</b>	<b>(0.46)</b>
Restructuring costs	59		
Amortisation of intangible asset (incl deferred tax)	82		
Share based payment charge	58		
Interest compensation	(214)		
<b>Adjusted loss per share</b>	<b>(168)</b>	<b>33,495</b>	<b>(0.50)</b>
Dilutive shares		—	
<b>Diluted adjusted loss per share</b>	<b>(168)</b>	<b>33,495</b>	<b>(0.50)</b>

31 March 2014			
	Profit £'000	Weighted average number of shares Number '000	Earnings per Share Pence
Basic loss per share – continuing operations	(548)	33,468	(1.64)
China start up costs	104		
Restructuring costs	164		
Amortisation of intangible asset	55		
Share based payment charge	58		
Adjusted loss per share	(167)	33,468	(0.50)
Dilutive shares		—	
Diluted adjusted loss per share	(167)	33,468	(0.50)



## II Goodwill

	<b>Total £'000</b>
<b>Cost</b>	
At 31 March 2013 and 31 March 2014	531
Disposals (see note 26)	(140)
At 31 March 2015	391
<b>Impairment</b>	
At 31 March 2013, 31 March 2014 and 31 March 2015	—
<b>Net book value</b>	
At 31 March 2013	591
At 31 March 2014	531
<b>At 31 March 2015</b>	<b>391</b>

Goodwill above relates to the following cash generating units:

	<b>Date of acquisition</b>	<b>Original cost £'000</b>
Maxpower Automotive Limited	June 2007	391
		<b>391</b>

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 five year forecast and applying a discount rate of 4.0%, 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 the discount rate of 4%, 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 believes that no impairment is required. Management is not aware of any other changes that would necessitate changes to its key estimates.

# Notes to the Financial Statements continued

for the year ended 31 March 2015

## 12 Intangible assets

	Product development costs £'000	Brand names £'000	Customer contracts £'000	Total £'000
<b>Cost</b>				
At 1 April 2014	297	830	312	1,439
Additions	—	—	—	—
Disposals	—	(380)	—	(380)
At 31 March 2015	297	450	312	1,059
<b>Amortisation</b>				
At 1 April 2013	—	(342)	(312)	(654)
Charge for the year	—	(55)	—	(55)
At 1 April 2014	—	(397)	(312)	(709)
Charge for the year	(48)	(30)	—	(78)
Impairment	—	(185)	—	(185)
Disposal	—	380	—	380
At 31 March 2015	(48)	(232)	(312)	(592)
<b>Net book value</b>				
At 31 March 2013	—	488	—	488
At 31 March 2014	297	433	—	730
<b>At 31 March 2015</b>	<b>249</b>	<b>218</b>	<b>—</b>	<b>467</b>

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.



### 13 Property, plant and equipment

	Land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>				
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 1 April 2014	1,267	8,526	43	9,836
Additions	—	303	—	303
Disposals	—	(1,578)	—	(1,578)
Foreign exchange revaluation	158	122	—	280
At 31 March 2015	1,425	7,373	43	8,841
<b>Depreciation</b>				
At 1 April 2013	—	4,555	43	4,598
Charge for the year	15	719	—	734
Disposals	—	(25)	—	(25)
At 1 April 2014	15	5,249	43	5,307
Charge for the year	33	626	—	659
Disposals	—	(1,225)	—	(1,225)
At 31 March 2015	48	4,650	43	4,741
<b>Net book value</b>				
At 31 March 2013 as restated	1,289	3,406	—	4,695
At 31 March 2014	1,252	3,277	—	4,529
<b>At 31 March 2015</b>	<b>1,377</b>	<b>2,723</b>	<b>—</b>	<b>4,100</b>

The net book value of property, plant and equipment includes £170,000 (2014: £392,000) in respect of assets held under finance leases and hire purchase contracts.

The borrowings of the Group are secured by a floating and fixed charge over the assets of the Group.

# Notes to the Financial Statements continued

for the year ended 31 March 2015

## 14 Investment in joint venture

In July 2013, 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:

	2015 £'000	2014 £'000
Non-current assets	321	363
Current assets	425	407
<b>Total assets</b>	<b>746</b>	770
Non-current liabilities	—	—
Current liabilities	161	109
<b>Total liabilities</b>	<b>161</b>	109
	2015 £'000	2014 £'000
Revenue	499	379
Loss for the year	(113)	(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:

	2015 £'000	2014 £'000
Total net assets of Minguang-Tricorn Tubular Products Nanjing Ltd	618	727
Proportion of ownership interests held by the Group	51%	51%
<b>Carrying amount of the investment</b>	<b>315</b>	371

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

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

Management do not consider the joint venture is material to the Group and as a result the disclosures required by IFRS 12 and IFRS 13 have not been included.





## 15 Principal subsidiaries

At 31 March 2015 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
Hallco 348 Limited (formerly RMDG Aerospace Limited)	United Kingdom	Ordinary	100	Non-trading
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

## 16 Inventories

	2015 £'000	2014 £'000
Raw materials	1,803	1,850
Work in progress	279	567
Finished goods	432	732
	<b>2,514</b>	3,149

In the year to 31 March 2015, a total of £8,198,000 of inventory (2014: £10,352,000) was included in the income statement as an expense.

# Notes to the Financial Statements continued

for the year ended 31 March 2015

## 17 Trade and other receivables

	2015 £'000	2014 £'000
Trade receivables	4,476	4,844
Impairment of trade receivables	(58)	—
	4,418	4,844
Other receivables	75	115
Prepayments and accrued income	379	238
Total	4,872	5,197

At 31 March 2015, 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:

	2015 £'000	2014 £'000
Not more than one month	437	536
Not more than two months	78	245
Not more than three months	87	—
	602	781

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 amount 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

	2015 £'000	2014 £'000
Cash and cash equivalents	694	1,284

Cash and cash equivalents consist of cash on hand and balances with banks only. At the year end £322,000 (2014: £1,255,000) 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	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Intangible assets	—	—	(93)	(146)
Plant and equipment	—	—	(66)	(26)
	—	—	(159)	(172)

Of the movement shown in the table above, £39,000 relates to the release of deferred tax in respect of discontinued operations (see note 26).



## 19 Deferred taxation continued

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

	Assets		Liabilities	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Balance brought forward	—	—	(172)	(179)
Group income statement movement arising during the year	—	—	13	7
Balance carried forward	—	—	(159)	(172)

As at 31 March 2015, the Group has unprovided deferred tax assets as follows:

	Unprovided 2015 £'000	Unprovided 2014 £'000
Trading losses	432	204

This deferred tax asset is not recognised due to uncertainty over its recoverability. At 31 March 2015, the Group had tax losses of £129,000 (2014: £171,000) to offset against future profits within the United Kingdom. Tax losses available to utilise outside of the UK at 31 March 2015 are £1,857,000 (2014: £849,000).

## 20 Trade and other payables

	2015 £'000	2014 £'000
Trade and other payables	1,890	2,545
Other taxation and social security	273	356
Accruals	684	1,248
	2,847	4,149

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.

## 21 Borrowings

	2015 £'000	2014 £'000
<b>Current borrowings</b>		
Invoice discounting facility	3,332	3,998
Other short term borrowings	413	413
Hire purchase agreements and finance lease liabilities (note 22)	63	100
	3,808	4,511
<b>Non-current borrowings</b>		
Hire purchase agreements and finance lease liabilities (note 22)	11	159
	11	159

# Notes to the Financial Statements continued

for the year ended 31 March 2015

## 21 Borrowings continued

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

	2015 £'000	2014 £'000
<b>In one year or less or on demand</b>		
Invoice discounting facility	3,332	3,998
Other short term borrowing	413	413
	<b>3,745</b>	<b>4,411</b>

### Invoice discounting facility

Interest on the invoice discounting facility, which is secured on the debtors financed, 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
<b>31 March 2015</b>				
Payments	73	14	—	87
Discounting	(10)	(3)	—	(13)
	<b>63</b>	<b>11</b>	<b>—</b>	<b>74</b>
<b>31 March 2014</b>				
Payments	127	127	61	315
Discounting	(24)	(24)	(8)	(56)
	<b>103</b>	<b>103</b>	<b>53</b>	<b>259</b>

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.

### 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

Liquidity risk arises due to the Group's requirement to fund working capital and investment in the business. 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%; and
- ▲ Finance leases at 2.0% to 2.5% over base rate.



## 23 Financial instruments continued

If the Group's interest rates were to rise/fall by 10% then the interest charge within the financial statements would increase/decrease by £2,000 (2014: £14,000), equity and reserves would reduce/increase by the same amount, and the interest charge would be £173,000/£177,000 (2014: £135,000/£163,000).

### Foreign currency risk

The Group transacts certain purchases and sales in foreign currencies. At 31 March 2015 there were no (2014: 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 2015 then Group profits would rise/fall by £206,000 at 31 March 2015 (2014: £181,000) 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 £209,000 at 31 March 2015 (2014: £417,000) 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 under which they are included are as follows:

	2015 £'000	2014 £'000
Non financial asset	379	238
Loans and other receivables	5,187	6,243
<b>Total assets</b>	<b>5,566</b>	<b>6,481</b>

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

	2015 £'000	2014 £'000
<b>Current assets</b>		
Trade and other receivables	4,493	4,959
Cash and cash equivalents	694	1,284
	<b>5,187</b>	<b>6,243</b>

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

	2015 £'000	2014 £'000
Non financial liability	273	356
Financial liabilities measured at amortised cost	6,393	8,463
<b>Total liabilities</b>	<b>6,666</b>	<b>8,819</b>

# Notes to the Financial Statements continued

for the year ended 31 March 2015

## 23 Financial instruments continued

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

	2015 £'000	2014 £'000
<b>Current liabilities</b>		
Trade and other payables	2,574	3,793
Borrowings	3,808	4,511
<b>Non-current liabilities</b>		
Borrowings	11	159
	<b>6,393</b>	<b>8,463</b>

All financial liabilities mature in less than one year, except for £11k which matures in 1–2 years.

### Fair value hierarchy

The following analyses 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 2015 (2014: none).

All financial liabilities are level one.

## 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 Share capital

	2015 £'000	2014 £'000
<b>Authorised</b>		
100,000,000 ordinary shares of 10 pence each	10,000	10,000
<b>Allotted and issued</b>		
2015: 33,495,000 (2014: 33,495,000) ordinary shares of 10 pence each	3,349	3,349

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





## 26 Business disposals

On 12 August 2014, the Group completed the disposal of its RMDG Aerospace business, located in Swadlincote, Derbyshire, for a total cash consideration of £1,137,175. The disposal was part of management's strategy to focus on the Group's Transportation and Energy sectors, where the Group has enhanced global reach. The disposal covered the trade, certain business assets and liabilities of RMDG Aerospace which are summarised below:

	£'000
<b>Net assets</b>	
Plant and equipment	353
Inventories	797
Sundry debtors	31
<b>Total assets</b>	<b>1,181</b>
Sundry creditors	(4)
<b>Total liabilities</b>	<b>(4)</b>
<b>Identifiable net assets</b>	<b>1,177</b>
<b>Amount settled in cash</b>	<b>1,137</b>
<b>Loss on disposal of identifiable assets</b>	<b>40</b>
Intangible assets written off	325
Disposal costs	15
<b>Loss on disposal</b>	<b>380</b>

Within discontinued operations in the Group income statement, the Group has disclosed the above loss and the trading loss for RMDG Aerospace to the date of disposal. Comparative numbers for 2014 are also shown in the Group income statement as discontinued operations and also include £44,000 profit on disposal from the Redman Fittings business in November 2013. The trading losses shown are summarised below:

	2015 £'000	2014 £'000
<b>Revenue</b>	<b>1,105</b>	3,238
<b>Adjusted operating loss</b>	<b>(226)</b>	(135)
Restructuring charges	—	(275)
<b>Operating loss</b>	<b>(226)</b>	(410)
Finance charges	(2)	(15)
<b>Loss before tax</b>	<b>(228)</b>	(425)
Deferred tax release	16	66
<b>Loss after tax</b>	<b>(212)</b>	(359)
<b>Loss on disposal</b>	<b>(380)</b>	—
<b>Loss on disposal shown in discontinued operations in the group income statement</b>	<b>(592)</b>	(359)

# Notes to the Financial Statements continued

for the year ended 31 March 2015

## 26 Business disposals continued

Cash flows generated by RMDG Aerospace for the reporting periods under review until its disposal were:

	2015 £'000	2014 £'000
Operating activities	(243)	301
Investing activities	1,110	(22)
Financing activities	(114)	(50)
	753	229

## 27 Contingent liabilities

There were no contingent liabilities at 31 March 2015 or 31 March 2014.

## 28 Capital commitments

At 31 March 2015 the Group had capital commitments of £0.130m (2014: Nil).

## 29 Leasing commitments

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

	2015 Land and buildings £'000	2014 Land and buildings £'000	2015 Other £'000	2014 Other £'000
In one year or less	408	490	104	106
One to five years	1,084	1,506	139	114
Greater than five years	525	2,250	—	—
	2,017	4,246	243	220

## 30 Transactions with related parties

Malvoir Properties Limited, a company in which R Allsop, a non-executive Director, has a beneficial interest, owns a property occupied by a Group company under an operating lease. The Company incurred operating lease charges of £0.150m (2014: £0.024m) during the year relating to this lease.

The Group also has a joint venture in China, Minguang-Tricorn Tubular Products Nanjing Ltd. During the year the Group has made sales to the joint venture of £Nil (2014: £Nil) and purchases from the joint venture of £0.500m (2014: 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 (2014: £Nil), and amounts held in trade and other payables and owed by the Group to the joint venture of £0.161m (2014: £0.125m).



# Tricorn Group plc

## Company Statutory Annual Report under UK GAAP

For the year ended 31 March 2015

Company number 1999619

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# Company Statement of Directors' Responsibilities

for the year ended 31 March 2015

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; and
- ▲ 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.



# Company Balance Sheet

at 31 March 2015

	Note	2015 £'000	2014 £'000
<b>Fixed assets</b>			
Tangible assets		3	3
Investments	7	6,814	8,447
		<b>6,817</b>	8,450
<b>Current assets</b>			
Debtors: amounts due within one year	8	1,781	518
Cash at bank and in hand		372	29
		<b>2,153</b>	547
<b>Creditors: amounts falling due within one year</b>	9	<b>(2,553)</b>	(1,635)
<b>Net current liabilities</b>		<b>(400)</b>	(1,088)
<b>Net assets</b>		<b>6,417</b>	7,362
<b>Capital and reserves</b>			
Called up share capital	10	3,349	3,349
Share premium account	11	1,692	1,692
Share based payment reserve	11	401	343
Merger reserve	11	1,592	1,592
Profit and loss account	11	(617)	386
<b>Equity shareholders' funds</b>		<b>6,417</b>	7,362

The financial statements were approved by the Board of Directors on 9 June 2015.

**M I Welburn**

Director

Company number: 1999619

# Notes to the Financial Statements

for the year ended 31 March 2015

## 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.





## 2 Accounting policies continued

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.

### 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 loss for the year was £1,003,000 (2014: profit £302,000).

Auditor's remuneration incurred by the Company during the year for audit services totalled £13,000 (2014: £13,000), and for tax compliance services totalled £2,000 (2014: £2,000).

## 4 Directors' and employees' remuneration

Staff costs during the year were as follows:

	2015 £'000	2014 £'000
Wages and salaries	788	869
Social security costs	89	77
Other pension costs	31	37
	908	983

The average number of persons (including Directors) employed by the Company during the year was 11 (2014: 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.

# Notes to the Financial Statements continued

for the year ended 31 March 2015

## 7 Fixed asset investments

	<b>Total £'000</b>
<b>Cost</b>	
At 1 April 2014 and 31 March 2015	9,729
<b>Impairment</b>	
At 1 April 2014	(1,282)
Charge	(1,633)
<b>At 31 March 2015</b>	<b>(2,915)</b>
<b>Net book value</b>	
<b>At 31 March 2015</b>	<b>6,814</b>
At 31 March 2014	8,447

At 31 March 2015, the Company holds 100% of the ordinary share capital of the following subsidiaries:

<b>Name of subsidiary undertaking</b>	<b>Country of incorporation</b>	<b>Description of shares held</b>	<b>% of nominal value of shares held</b>	<b>Principal business activity</b>
Malvern Tubular Components Limited	United Kingdom	Ordinary	100	Manufacturer of tubular components
Hallco 348 Limited (formerly RMDG Aerospace Limited)	United Kingdom	Ordinary	100	Non-trading
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

## 8 Debtors

	<b>2015 £'000</b>	2014 £'000
Amounts owed by subsidiary undertakings	<b>1,771</b>	500
Other debtors	<b>5</b>	18
Prepayments and accrued income	<b>5</b>	—
	<b>1,781</b>	518



## 9 Creditors: amounts due within one year

	2015 £'000	2014 £'000
Bank borrowings	359	337
Trade creditors	4	—
Amounts due to subsidiary undertakings	2,066	1,104
Other taxes and social security	32	28
Corporation tax	—	—
Accruals and deferred income	92	166
	<b>2,553</b>	1,635

Borrowings are repayable as follows:

	2015 £'000	2014 £'000
Within one year		
— bank borrowings	359	337
After one and within two years		
— bank borrowings	—	—
	<b>359</b>	337

## 10 Share capital

	2015 £'000	2014 £'000
<b>Authorised</b>		
100,000,000 ordinary shares of 10 pence each	10,000	10,000
<b>Allotted and issued</b>		
2015: 33,495,000 (2014: 33,495,000) ordinary shares of 10 pence each	3,349	3,349

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

# Notes to the Financial Statements continued

for the year ended 31 March 2015

## 11 Reserves

	Share premium £'000	Share based payment reserve £'000	Merger Reserve £'000	Profit and loss account £'000
<b>At 1 April 2014</b>	1,692	343	1,592	386
Share based payment charge	—	58	—	—
Profit for the year	—	—	—	(1,003)
<b>At 31 March 2015</b>	<b>1,692</b>	<b>401</b>	<b>1,592</b>	<b>(617)</b>

## 12 Reconciliation of movement in equity shareholders' funds

	2015 £'000	2014 £'000
Profit for the financial year	(1,003)	302
Issue of new shares	—	10
Dividends paid	—	(111)
Share based payment charge	58	58
Net (decrease)/increase to shareholders' funds	(945)	259
Opening equity shareholders' funds	7,362	7,103
Closing equity shareholders' funds	6,417	7,362

## 13 Contingent liabilities

A cross guarantee exists between all companies in the Group for all amounts payable to the bank. The maximum potential liability to the Company at 31 March 2015 is £2.784m.

There were no further contingent liabilities at 31 March 2015 or 31 March 2014.

## 14 Capital commitments

There were no capital commitments at 31 March 2015 or at 31 March 2014.

## 15 Related parties

The Company has taken advantage of the exemption under FRS 8 Related Party Disclosures 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:**

Mr Andrew Brian Moss (Chairman and Non-executive Director) –  
Appointed 3 November 2014  
Nicholas Campbell Paul CBE (Non-executive Director) – Resigned  
31 March 2015  
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  
One Angel Court  
London  
EC2R 7HJ

**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 Rickerbys  
5 Deansway  
Worcester  
WR1 2JG

**Auditors:**

Grant Thornton UK LLP  
Registered Auditor  
Chartered Accountants  
Colmore Plaza  
20 Colmore Circus  
Birmingham  
West Midlands  
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