

REGISTERED NUMBER: 02237410 (England and Wales)

Financial Statements
for the Year Ended 31st December 2016
for
Principle Fabrications Limited

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Principle Fabrications Limited (Registered number: 02237410)

Contents of the Financial Statements
for the Year Ended 31 December 2016

	Page
Company Information	1
Statement of Financial Position	2
Notes to the Financial Statements	3

Principle Fabrications Limited
Company Information
for the Year Ended 31 December 2016

DIRECTORS:	R H Butterfield D R Pitt Mrs V J Woodings
SECRETARY:	D R Pitt
REGISTERED OFFICE:	Tandem Industrial Estate Waterloo HUDDERSFIELD HD5 0AL
REGISTERED NUMBER:	02237410 (England and Wales)
AUDITORS:	KPMG LLP Chartered Accountants 1 Sovereign Square Sovereign Street Leeds LS1 4DA

Principle Fabrications Limited (Registered number: 02237410)

Statement of Financial Position
31 December 2016

	Notes	31.12.16 £	31.12.15 £
FIXED ASSETS			
Tangible assets	3	-	58,109
CURRENT ASSETS			
Stocks		-	108,332
Debtors	4	200	10,138
		<hr/> 200	<hr/> 118,470
CREDITORS			
Amounts falling due within one year	5	-	(96,327)
NET CURRENT ASSETS		<hr/> 200	<hr/> 22,143
TOTAL ASSETS LESS CURRENT LIABILITIES		200	80,252
PROVISIONS FOR LIABILITIES		-	(4,271)
NET ASSETS		<hr/> <hr/> 200	<hr/> <hr/> 75,981
CAPITAL AND RESERVES			
Called up share capital		200	200
Profit and loss account		-	75,781
SHAREHOLDERS' FUNDS		<hr/> <hr/> 200	<hr/> <hr/> 75,981

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors on 4 September 2017 and were signed on its behalf by:



R H Butterfield - Director

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 December 2016

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The company's parent undertaking is Principle Global Limited.. These financial statements are prepared in accordance with FRS 102 and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period.
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below, unless otherwise stated, have been applied consistently to all periods presented in these financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

- | | |
|-----------------------|---|
| Plant and machinery | - 10% Straight Line Basis |
| Fixtures and fittings | - 25% Straight Line Basis and 10% Straight Line Basis |

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation net of depreciation and any impairment losses.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments payable over the term of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements.

Stocks

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

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

1. ACCOUNTING POLICIES - continued

Financial instruments

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Financial instruments issued by the company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Principle Fabrications Limited (Registered number: 02237410)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

1. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Going concern

The company has ceased trading at 31st December 2015, with the trade transferred to Principle Systems Limited. As the directors do not intend to acquire an alternative trade, these accounts have not been prepared on a going concern basis. No material adjustments were necessary to the amounts at which the net assets are included in these financial statements to reflect differences between book value and the amounts expected to be realised for assets or incurred for liabilities. The company considers it has sufficient funds to settle liabilities as they fall due.

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Principle Fabrications Limited (Registered number: 02237410)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

1. ACCOUNTING POLICIES - continued

Interest payable

All interest bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included within interest payable in the income statement.

2. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 3 (2015 - 18).

3. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
COST	
At 1 January 2016	498,256
Disposals	(498,256)
At 31 December 2016	-
DEPRECIATION	
At 1 January 2016	440,147
Eliminated on disposal	(440,147)
At 31 December 2016	-
NET BOOK VALUE	
At 31 December 2016	-
At 31 December 2015	58,109

4. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.16 £	31.12.15 £
Trade debtors	-	861
Amounts owed by group undertakings	200	-
Other debtors	-	9,277
	<u>200</u>	<u>10,138</u>

The amounts owed by group undertakings are interest free and receivable on demand.

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.16 £	31.12.15 £
Bank loans and overdrafts (see note 6)	-	10,821
Trade creditors	-	40,962
Amounts owed to group undertakings	-	24,393
Taxation and social security	-	9,261
Other creditors	-	10,890
	<u>-</u>	<u>96,327</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

The amounts owed to group undertakings are interest free and payable on demand.

6. LOANS

An analysis of the maturity of loans is given below:

	31.12.16 £	31.12.15 £
Amounts falling due within one year or on demand:		
Bank overdrafts	-	10,821
	<u> </u>	<u> </u>

The bank overdraft is secured (see note 7), is repayable on demand and forms part of the group facilities at a rate of 2.5% above LIBOR.

7. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.16 £	31.12.15 £
Bank overdraft	-	10,821
	<u> </u>	<u> </u>

The UK group companies bank facilities are secured by a debenture in favour of Lloyds Bank plc dated 20th December 2016 over the whole of the undertakings, property and assets of the group together with an intercompany guarantee between Principle Link (UK) Limited, Principle Fabrications Limited, Principle Systems Limited, Principle Graphics Limited, Principle Europe Limited, Principle 360 Limited, Principle Secure Limited, Principle Contract Limited, Principle Spira Limited, Principle Holdings Limited and Principle Global Limited supported by Principle USA Inc and Principle Mexico SA de CV under an inter-creditor agreement dated 20th December 2016. The combined UK group companies indebtedness at 31 December 2016 amounted to £900,000 (2015 - £4,808,819).

The company and its fellow group companies have also guaranteed an investor loan in Principle Global Limited from Pricoa Capital Group of £30,000,000 and shareholder loan notes of £16,782,429 under an inter-creditor agreement dated 20th December 2016.

8. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified however an emphasis of matter was reported as the accounts have not been prepared on a Going Concern basis.

Ian Beaumont (Senior Statutory Auditor)
for and on behalf of KPMG LLP

9. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

10. ULTIMATE CONTROLLING PARTY

On 20 December 2016 Principle Holdings Limited was sold to Principle Global Limited. The ultimate parent company from 20 December 2016 was Principle Global Limited.

There is no ultimate controlling party.