FPE GLOBAL LTD

Annual report and financial statements

Registered number 04121076

31 December 2015

Contents

Strategic Report

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

Principal activities

The principal activities of the company are that of an engineering solutions provider, including design, manufacturing, installation and maintenance services to a number of industrial and commercial sectors.

Business review and key performance indicators

The year ended 31 December 2015 has seen significant changes in the Company. The existing management team were changed during the year, with the recruitment of a new leadership team starting during the year and continuing into 2016. The new leadership team commenced their role during 2016.

In the year a major restructure of the business was undertaken.

The Company commenced a move from its existing premises to a much larger site with market leading facilities. During the year the office functions were moved to the new premises with the operational business following. The relocation was completed in September 2016.

A review of working practices was undertaken to improve the alignment of skills in the workforce with the value proposition of the business, this has continued into 2016 alongside the relocation to the new facility resulting in a well-structured team aligned to the priorities of the business. This is expected to deliver significant cost reductions in future years.

At the end of the year and into the start of 2016, the salesforce has been reorganised with new team members joining and the organisation being restructured to meet the strategic priorities of the business.

Finally, the new management team undertook a strategic review of the customer base resulting in a number of existing relationships being exited to allow the restructured teams to focus on strengthening retained relationships, opportunities for our product offerings and developing new relationships.

Management time during the year was impacted significantly by a dispute with a prior group shareholder. This was resolved successfully during the year and resulted in £1,088k being returned to the group. Although ultimately successful, this was a major distraction during the period which required significant management focus, the result of which is the pipeline of prospects requires strengthening. This continues to be an area of focus throughout 2016.

Throughout 2015 there was severe cash pressure which made investment for growth a significant challenge. An additional £1m of funds were introduced into the business during the year by the major shareholder, with further funds being invested after the end of the year. These funds assisted the business during the site relocation, restructuring and challenging changes.

Turnover decreased from £14,176k to £8,824k and the Company made a loss before tax of £2,843k in the year compared to profit of £633k in the prior year. EBITDA for the financial year was a loss of £2,705k *(2014: £800k profit)*.

The Company had cash balances at the year-end of £304k *(2014: £446k)* and net liabilities of £3,343k *(2014: £1,074k)*.

The key performance indicators for the Company are considered to be long term growth and profitability, strategic customer partnering and retention and long term cash generation.

The accounts have been prepared on a going concern basis, the Directors' consider this appropriate following a review of forecast trading and current funding arrangements and having considered reasonable sensitivities. The majority shareholder has invested additional funding of £1m the Company's parent undertaking, FPE Global Holdings, during January 2016.

Principal risks and uncertainties

The Company faces the normal commercial risks associated with most businesses including conversion of profitable contracts, retention of long term customers and working capital management. Additionally, the business has customers based in both the UK and overseas and so management of exchange rate and bad debt risk is important. This is achieved through collaboration with customers and the use of commercial finance instruments. The business has some exposure to fluctuations in macroeconomic conditions. This is being actively managed by market sector diversification and the identification of overseas opportunities

Results

The operating profit for the year was a loss of £2,804k *(2014: £657k profit)*. The loss for the year, after taxation, amounted to £2,358k *(2014: £843k)*. The Company has net liabilities of £3,343k at 31 December 2015 *(2014: net liabilities of £1,074k)*.

Future developments

2016 has continued to be a period of change. The work on reorganisation and relocation, along with the new leadership team, new strategic vision and the segmented focus has continued throughout the year.

The new leadership team have created a new strategic plan, highlighting the key areas of focus required to drive growth for the Company. The plan is being implemented in 2016 with changes in the organisation of the team, the completion of the site move and the change of focus for the business to deliver integrated systems and process solutions showing positive results in the order book during 2016, which is putting the business in a strong position to have much improved results in 2016 and set up the business for further improvement into 2017.

The business has had some significant successes in 2016 with our focus on key account relationships, the change in strategic focus and alignment of the salesforce delivering improvement in the order intake during the middle of 2016.

There is also significant focus on the standardisation of products and processes which will enable the business to increase its offering to existing customers as well as develop new relationships across a range of sectors.

As a result, the directors are confident that turnover, profitability and cash generation will grow over the medium term.

This report was approved by the board on 30 September 2016 and signed on its behalf.

By order of the board

Tim Hines
Director

30 September 2016

Directors' report

Research and development

The business engages in research and development to build on its product portfolio as well as to assist our customers in overcoming technological uncertainties relating to materials handling.

During the year, our development of new products was limited.

Proposed dividend

The directors do not recommend the payment of a dividend *(2014: £nil).*

Directors

The directors who held office during the year and at the date of this report were as follows:

B Howard	(resigned 31 December 2015)
D Cooper	(appointed 1 March 2016)
T Hines	(appointed 27 September 2016)
P Williamson	(appointed 27 August 2015)
I Plumb	(appointed 25 May 2016)
M Dixon	(resigned 27 August 2016)
P Frame	(resigned 25 May 2016)

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year *(2014: £nil).*

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

Tim Hines
Director

Unit 1, Orion Business Park
Bird Hall Lane, Stockport
SK3 0XG

Statement of directors' responsibilities in respect of the annual report and the financial statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Company financial statements in accordance with FRS 102 and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of their profit or loss for that period. In preparing the Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of FPE GLOBAL LTD

We have audited the financial statements of FPE Global Ltd for the year ended 31 December 2015 set out on page 8 to 30. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's ability to continue as a going concern, which is dependent on revenue and profit growth being achieved. FPE Global Ltd is the main trading entity within the FPE Global (Holdings) Limited group which has net liabilities at 31 December 2015 of £5,533k. These conditions, along with other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt over the Group and the Company's ability to continue as a going concern. The financial statements do not include adjustments that would result if the Group and the Company were unable to continue as a going concern.

Independent auditor's report to the members of FPE GLOBAL LTD (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Stuart Burdass

Stuart Burdass (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

30 September 2016

Profit and Loss Account
for year ended 31st December 2015

	Note	2015	2014
		£	£
Turnover	3	**8,823,748**	14,175,790
Cost of sales		**(8,170,348)**	(10,521,156)
Gross profit		**653,400**	3,654,634
Administrative expenses	4	**(3,457,752)**	(2,997,473)
Operating (loss)/profit		**(2,804,352)**	657,161
Interest payable and similar charges	7	**(38,837)**	(24,218)
(Loss)/Profit on ordinary activities before taxation		**(2,843,189)**	632,943
Tax on (loss)/profit on ordinary activities	8	**485,512**	210,299
(Loss)/profit for the financial year		**(2,357,677)**	843,242

Other Comprehensive Income
for year ended 31 December 2015

	Note	2015	2014
		£	£
Profit for the year		**(2,357,677)**	843,242
Other comprehensive income			
Actuarial gains	17	**110,000**	45,000
Tax on actuarial gain	8	**(22,000)**	(9,000)
Total comprehensive income for the year		**(2,269,677)**	879,242

The notes on pages 11 to 30 form an integral part of these financial statements.

Balance Sheet
At 31 December 2015

	Note	2015	2015	2014	2014
		£		£	
Fixed assets					
Tangible assets	9		477,237		546,446
Investments	24		100,106		100,106
			577,343		646,552
Current assets					
Debtors	10	2,560,150		4,588,837	
Cash at bank and in hand	11	304,477		445,948	
		2,864,627		5,034,785	
Creditors: amounts falling due within one year	12	(6,776,486)		(6,725,758)	
Net current liabilities			(3,911,859)		(1,690,973)
Total assets less current liabilities			(3,334,516)		(1,044,421)
Creditors: amounts falling due after more than one year	13		(8,734)		(29,152)
Net liabilities			(3,343,250)		(1,073,573)
Capital and reserves					
Called up share capital	19		48,750		48,750
Capital Redemption Reserve			1,250		1,250
Profit and loss account			(3,393,250)		(1,123,573)
Shareholders' funds			(3,343,250)		(1,073,573)

The notes on pages 11 to 30 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 30 September 2016 and were signed on its behalf by:

Tim Hines
Director

Company registered number: 4121076

Statement of Changes in Equity

	Called up Share capital	Capital Redemption Reserve	Profit and loss account	Total equity
	£	£	£	£
Balance at 1 January 2014	48,750	1,250	(2,002,815)	(1,952,815)
Total comprehensive income for the period				
Profit or loss	-	-	843,242	843,242
Other comprehensive income	-	-	36,000	36,000
Total comprehensive income for the period	-	-	879,242	879,242
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 December 2014	**48,750**	**1,250**	**(1,123,573)**	**(1,073,573)**

	Called up Share capital	Capital Redemption Reserve	Profit and loss account	Total equity
	£	£	£	£
Balance at 1 January 2015	48,750	1,250	(1,123,573)	(1,073,573)
Total comprehensive income for the period				
Profit or loss	-	-	(2,357,677)	(2,357,677)
Other comprehensive income	-	-	88,000	88,000
Total comprehensive income for the period	-	-	(2,269,677)	(2,269,677)
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 December 2015	**48,750**	**1,250**	**(3,393,250)**	**(3,343,250)**

Notes
(forming part of the financial statements)

1 Accounting policies

FPE Global Ltd (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest pound.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to transition date have not been restated.
- Lease arrangements – in order to determine whether an arrangement contains a lease, the Company has analysed facts and circumstances existing at the transition date rather than commencement date of the arrangement.
- Lease incentives – for leases commenced before the transition date the Company continued to account for lease incentives under previous UK GAAP.
- Borrowing costs – the Company has elected to capitalise borrowing costs only from the date of transition.

The Company's parent undertaking, FPE Global Holdings Ltd, includes the Company in its consolidated financial statements. The consolidated financial statements of FPE Global Holdings Ltd are available to the public and may be obtained from Companies House, 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 parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation.
- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern

The financial statements have been prepared on a going concern basis, which the Directors believe to be appropriate for the following reasons:

FPE Global Limited is the main trading Company as part of the FPE Global Limited Group ("the FPEGH Group") and as such its going concern should be considered in conjunction with its Group. The FPEGH Group meets its day to day funding through cash balances and a banking facility provided by Lloyds Bank. At the year-end the Company had cash balances of £304,477. At 30 September 2016 cash balances were £560,000 within the FPEGH Group and £555,000 within the Company.

Additional funding of £1,000,000 has been invested in the FPEGH Group by the majority shareholder in October 2015, with a further £1,000,000 being invested in January 2016. The majority shareholder has also made available short term funds during 2016.

Based on this, the Directors have prepared cashflow forecasts for a period of twelve months from the date of signing of these financial statements which show the FPEGH Group will continue to operate as a going concern. However, there is minimal headroom available within these forecasts and the forecasts prepared assume revenue and profitability growth compared to the FPEGH Group's current performance.

Due to the limited headroom available, should the revenue and profit growth anticipated not be achieved it is uncertain whether the FPEGH Group would be able to continue to operate within its available cash balances.

The directors are confident that good working capital management will enable the business to meet its creditor obligations and continue to operate.

FPEGH Group shareholders continue to defer payment of all interest outstanding on loan notes and the Directors have no reason to believe that these amounts will be required to be paid during the forecast period.

As a result of the above, conditions currently exist that indicate a material uncertainty that may cast significant doubt over the Group's and Company's ability to continue as a going concern. The Group and Company may therefore be unable to continue realising their assets and discharging their liabilities in the normal course of business. The financial statements do not contain any adjustments that would result from the basis of preparation being inappropriate.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Company's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

1.4 Classification of 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 entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity 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 entity'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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Basic financial instruments

Trade and other debtors / creditors

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.

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.11 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- buildings 50 years
- project plant at least 4 years
- plant and equipment at least 3 years
- motor vehicles 4 years
- IT equipment 3 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Notes *(continued)*

1 Accounting policies *(continued)*

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

1.7 Impairment excluding stocks, investment properties 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 entity's non-financial assets, other than investment property, 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 group of entities 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.

1.8 Employee benefits

Defined contribution plans and other long term employee benefits

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. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1 Accounting policies *(continued)*

1.8 Employee benefits (continued)

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed every three years by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

Group Plans

The Group operates a defined benefit pension plan. The Company is the entity legally responsible for the defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan and the net defined benefit liability are recognised fully by the Company which is legally responsible for the plan, which is FPE Global Ltd.

Termination benefits

Termination benefits are recognised as an expense when the entity is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the entity has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

1.10 Turnover

Contract profits are not recognised until the outcome can be foreseen with reasonable certainty. The profit recognised is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date compared to total expected costs for that contract.

Full provision is made for losses on all contracts in the year in which they are first foreseen.

Amounts recoverable on long term contracts included in debtors are stated at cost plus attributable profits, less provision for any known or anticipated losses and monies in advance.

Monies in advance in excess of amounts recoverable on long term contracts are included in creditors.

1.11 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.12 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 provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes *(continued)*

2 Accounting estimates and judgements

Key sources of estimation uncertainty

Pensions disclosures are prepared by the scheme actuary and take into account the best estimates and the key assumptions of the trustees as at the balance sheet date.

Critical accounting judgements in applying the Company's accounting policies

Certain critical accounting judgements (apart from those involving estimations included above) in applying the Company's accounting policies are described below.
Estimate of costs to compete jobs are used in calculating the revenue valuation for accrued and deferred income. These are reviewed with management and based on past experience and the particulars of the project.

3 Turnover

	2015	2014
	£	£
United Kingdom	**8,209,495**	10,709,913
Europe	**-**	331,846
Rest of world	**614,253**	3,134,031
	8,823,748	14,175,790

4 Operating profit

Included in profit/loss are the following:

	2015	2014
	£	£
Depreciation	**143,609**	139,508
(Profit)/loss on sale of fixed asset	**(43,838)**	3,028
Loss on disposal of fixed assets	**7,688**	-
Restructuring costs expensed as incurred – included in administrative expenses	**218,245**	(112,546)

Auditor's remuneration:

	2015	2014
	£	£
Audit of these financial statements	40,000	29,500

Disclosures below based on amounts receivable in respect of other services to the company and its subsidiaries

Amounts receivable by the company's auditor and its associates in respect of:		
Taxation compliance services	9,500	10,500

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2015	2014
Manufacture and contracting	**44**	40
Office and management	**35**	42
	79	82

The aggregate payroll costs of these persons were as follows:

	2015	2014
	£	£
Wages and salaries	**3,546,080**	3,201,651
Social security costs	**155,654**	378,596
Contributions to defined contribution plans	**78,245**	167,177
	3,779,979	3,747,424

6 Directors' remuneration

	2015	2014
	£	£
Directors' remuneration	**383,926**	347,758
Company contributions to money purchase pension plans	**13,000**	31,434

The aggregate of remuneration and amounts receivable under of the highest paid director was £175,000 *(2014: £112,500)*, and company pension contributions of £nil *(2014: nil)* were made to a money purchase scheme on his behalf.

	Number of directors	
	2015	2014
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**1**	1
Defined benefit schemes	**-**	-
The number of directors in respect of whose qualifying services shares were received or receivable under long term incentive schemes was	**-**	-

Notes *(continued)*

7 Interest payable and similar charges

	2015	2014
	£	£
Bank interest payable and similar charges	30,957	16,218
Interest payable on financial liabilities at amortised cost	7,880	8,000
Total other interest payable and similar charges	38,837	24,218

8 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2015		2014	
	£	£	£	£
Current tax				
Current tax on income for the period		-		-
Adjustments in respect of prior periods		15,002		15,464
Total current tax		15,002		15,464
Deferred tax (see note 16)				
Origination and reversal of timing differences	(498,690)		(216,763)	
Change in tax rate	20,176			
Total deferred tax	(478,514)		(216,763)	
Total tax		(463,512)		(201,299)

	2015			2014		
	£	£	£	£	£	£
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	15,002	(500,514)	(485,512)	15,464	(225,763)	(210,299)
Recognised in other comprehensive income	-	22,000	22,000	-	9,000	9,000
Total tax	15,002	(478,514)	(463,512)	15,464	(216,763)	(201,299)

Notes *(continued)*

8 Taxation *(continued)*

Reconciliation of effective tax rate

	2015	2014
	£	£
(Loss)/Profit for the year	**(2,357,677)**	843,242
Total tax credit	**(463,512)**	(201,299)
(Loss)/profit excluding taxation	**(2,843,189)**	632,943
Tax using the UK corporation tax rate of 20% (2014: 21.5%)	**(564,238)**	138,018
Utilisation of losses from prior years	**-**	(115,825)
Reduction in tax rate on deferred tax balances	**20,176**	-
Fixed asset timing differences	**853**	-
Non-deductible expenses	**2,380**	13,977
Other timing differences	**44,715**	(259,998)
Under / (over) provided in prior years	**15,002**	15,464
Total tax expense included in profit or loss	**(485,512)**	(210,299)

9 Tangible fixed assets

	Land and Buildings	Plant and Equipment	Leasehold Improvement	Motor Vehicles	IT Equipment	Total
	£	£	£	£	£	£
Cost						
Balance at 1 January 2015	614,543	576,165	-	347,944	134,638	1,673,290
Other acquisitions	-	45,000	135,635	-	154,868	335,503
Disposals	(614,543)	(330,358)	-	(208,735)	-	(1,153,636)
Balance at 31 December 2015	-	290,807	135,635	139,209	289,506	855,157
Depreciation and impairment						
Balance at 1 January 2015	399,123	484,737	-	228,930	18,238	1,131,028
Depreciation charge for the year	9,224	35,162	4,521	39,289	55,413	143,609
Disposals	(408,347)	(330,359)	-	(158,011)	-	(896,717)
Balance at 31 December 2015	-	189,540	4,521	110,208	73,651	377,920
Net book value						
At 31 December 2015	**-**	**101,267**	**131,114**	**29,001**	**215,855**	**477,237**
At 31 December 2014	215,420	91,428	-	119,014	120,584	546,446

Notes *(continued)*

9 Tangible fixed assets *(continued)*

Leased plant and machinery

At 31 December 2015 the net carrying amount of motor vehicles leased under a finance lease was £29,536 *(2014 : £112,160)*. The leased equipment secures lease obligations (see note 14).

10 Debtors

	2015	2014
	£	£
Trade debtors	963,866	2,216,976
Amounts owed by group undertakings	-	658,969
Other debtors (including VAT)	173,677	-
Prepayments and accrued income	145,766	57,179
Amounts recoverable on long term contracts	457,287	1,315,063
Corporation tax	123,888	123,887
Deferred tax asset (see note 16)	695,666	216,763
Due within one year	2,560,150	4,588,837

11 Cash and cash equivalents/ bank overdrafts

	2015	2014
	£	£
Cash at bank and in hand	**304,477**	445,948

Notes *(continued)*

12 Creditors: amounts falling due within one year

	2015	2014
	£	£
Payments received on account	443,475	557,400
Net obligations under finance leases and hire purchase contracts	18,942	71,206
Trade creditors	1,250,576	1,689,217
Amounts owed to group undertakings	4,257,933	2,923,112
Social security and other taxes	241,634	402,627
Accruals	549,792	1,082,196
Other Creditors	14,134	-
	6,776,486	6,725,758

13 Creditors: amounts falling after more than one year

	2015	2014
	£	£
Net obligations under finance leases and hire purchase contracts	8,734	29,152
	8,734	29,152

14 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2015	2014
	£	£
Creditors falling due more than one year		
Finance lease liabilities	**8,734**	29,152
	8,734	29,152
Creditors falling due within less than one year		
Finance lease liabilities	18,942	71,206
	18,942	71,206

Notes *(continued)*

14 Interest-bearing loans and borrowings (continued)

Terms and debt repayment schedule

Company	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2015	2014
					£	£
Finance lease liabilities						
- IT Equipment	GBP	4.5%	2017	Monthly	**20,688**	27,955
- Motor Vehicle	GBP	6.6%	2016	Monthly	**6,988**	72,403
					27,676	100,358

Notes *(continued)*

15 Other interest-bearing loans and borrowings

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 2015 £	Minimum lease payments 2014 £
Less than one year	**18,942**	71,206
Between one and five years	**8,734**	29,152
More than five years	**-**	-
	27,676	100,358

16 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2015 £	2014 *Restated* £
Accelerated capital allowances	**(33,968)**	(33,904)
Unused tax losses	**(659,220)**	(133,738)
Other	**(2,478)**	(49,121)
Tax (assets) / liabilities	**(695,666)**	(216,763)
Net of tax liabilities/(assets)		
Net tax (assets) / liabilities	**(695,666)**	(216,763)

Notes *(continued)*

17 Employee benefits

The information disclosed below is in respect of the defined benefit scheme operated by the Company.

Net pension (liability)/asset

	2015 £000
Defined benefit obligation	(2,179)
Plan assets	2,248
Net pension (liability)/asset	69

Movements in present value of defined benefit obligation

	2015 £000
At 1 January 2015	(2,479)
Expenses	(110)
Interest expense	(81)
Remeasurement: actuarial gains/(losses)	182
Benefits paid	309
At 31 December 2015	(2,179)

Movements in fair value of plan assets

	2015 £000
At 1 January 2015	2,503
Interest income	80
Remeasurement: return on plan assets less interest income	(26)
Benefits paid	(309)
At 31December 2015	2,248

Notes *(continued)*

17 Employee benefits *(continued)*

The fair value of the plan assets and the return on those assets were as follows:

	2015 Fair value £000	2014 Fair value £000
Equities	**1,318**	1,259
Corporate bonds	**472**	456
Cash	**458**	788
	2,248	2,503
Actual return on plan assets	**(26)**	134

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2015 %	2014 %
Discount rate	**3.9**	3.4
RPI	**3.4**	3.2
CPI	**2.6**	2.4
Cash Commutation	**27%**	27%

Last full actuarial valuation was performed on 1st July 2015.

In valuing the liabilities of the pension fund at 1st July 2015, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22.6 years (male), 24.9 years (female).
- Future retiree upon reaching 65: 24.8 years (male), 27.2 years (female).

No amounts are recognised in the balance sheet as the Company does have an unrestricted right to recover the surplus currently showing in the scheme.

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £78,245 *(2014 : £14,430)*

Notes *(continued)*

19 Capital and reserves

Share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
48,750 ordinary shares of £1 each	**48,750**	48,750
	48,750	48,750

ESOP own share reserve

The ESOP own share reserve comprises the costs of shares in FPE Global Ltd held by the ESOP trust, to the extent that they have not become realised losses. When they become realised losses, they are transferred to retained earnings. At 31 December 2015 the ESOP trust held 1,250 of the Company's shares *(2014 : 1,250).*

20 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2015	2014
	£	£
Less than one year	**216,484**	115,395
Between one and five years	**1,069,826**	186,634
More than five years	**-**	-
	1,286,310	302,029

During the year 2015: £215,163 was recognised as an expense in the profit and loss account in respect of operating leases (2014: £64,736).

21 Related parties

Identity of related parties with which the Company has transacted

There have been various transactions through the year with other company companies. However, as the company is included in the group consolidated accounts and these accounts are publicly available, the company has taken the advantage of the exemption allowed by FRS102.33.1A and has not disclosed the transaction with other group companies.

Notes *(continued)*

21 Related parties *(continued)*

The Company has also entered into transactions with related parties outside the FPE Global Holdings Ltd group. The Company incurred £61,414 in consultancy fees in the year and held a £19,709 creditor balance with Strahlenburg Management Ltd, a company controlled by chairman Peter Williamson.

22 Ultimate parent company and parent company of larger group

The immediate parent company is FPE Global (Holdings) Limited, for which consolidated accounts are prepared. Consolidated accounts are available from Companies House, Cardiff, CF14 3UZ.

In the opinion of the directors the company is controlled by FPE Global (Holdings) Limited and the ultimate controlling party was NorthEdge Capital at 31 December 2015.

23 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31st December 2015 and the comparative information presented in these financial statements for the year ended 31st December 2014.

24 Fixed asset investments

	Investments in subsidiary companies
	£
Cost	
At 1 January 2015 and 31 December 2015	100,106
Net book value	
At 1 January 2015 and 31 December 2015	**100,106**

Details of subsidiary undertakings are outlined below.

Subsidiary undertakings

Company name	**Country**	**Percentage Shareholding**	**Description**
FPE Process Equipment Limited	UK	100%	Non-trading
FPE Site Operations Limited	UK	100%	Non-trading
FPE Neu Solutions Limited	UK	100%	Non-trading
Flomat Bagfilla International Limited	UK	100%	Non-trading
Aeromaster International Limited	UK	100%	Non-trading