

Company Registration No. SC708376 (Scotland)

**MV FRUEHAUF LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

# MV FRUEHAUF LTD

## COMPANY INFORMATION

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<b>Directors</b>	Mr S Cairns Mr T O'Rourke
<b>Company number</b>	SC708376
<b>Registered office</b>	Ninian Road Brownsburn Industrial Estate Airdrie United Kingdom ML6 9SE
<b>Auditor</b>	Johnston Carmichael LLP 227 West George Street Glasgow G2 2ND

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# MV FRUEHAUF LTD

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# MV FRUEHAUF LTD

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 JUNE 2023

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The directors present the strategic report for the year ended 30 June 2023.

#### **Fair review of the business**

The directors and senior management team within MV Fruehauf Limited are happy with the improvement in performance of the business reflected in the figures for the financial year ended 30 June 2023 and betterment over the previous year's results despite it still reporting losses.

MV Commercial Limited ("MV Group") continues to invest in the business both in terms of asset purchases & property development.

In addition, we now employ a fully manned workforce including highly skilled operatives together with a team of experienced managers and supervisors across the whole business.

The senior management team is now in place, headed up by a managing director and two production directors.

After years of neglect and serious underinvestment, several £M of MV Group capital has been deployed into the Fruehauf business across key strategic areas to bring the facility up to a leading UK manufacturing standard. This investment will create a better structure and mentality that delivers a top-quality service across all areas to Fruehauf's loyal customers who have supported the iconic brand through its periods of difficulty. The facility also provides scope to further develop the MV range of products via MV Fruehauf's team of design/development engineers and to increase manufacturing volumes as the demand for these products and services continues to rise.

Expectations are that the business will continue to make improvements in financial performance by the financial year ending 30 June 2024.

#### **Principal risks and uncertainties**

The company's operations and its ability to invest in its fleet is exposed to a variety of financial risks which include the availability and cost of credit.

#### **Credit Risk**

The company operates a policy that requires full credit check on all potential new customers before hire contracts are agreed. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed regularly by the directors and senior management team.

#### **Liquidity Risk**

The company seeks to manage this financial risk by ensuring sufficient liquidity is available to meet foreseeable requirements and to invest cash safely and profitably.

#### **Interest Rate Risk**

The company finances its operations and investment through a mixture of operating cashflows and borrowings. Whilst the significant increases in UK interest rates over the past 12 months have had a direct financial impact on the business, our relationship with the major UK Asset Finance & Banking providers remain very strong and the business would be confident that such risks would be minimised due to these strong relationships.

#### **Key Performance Indicators**

Key financial performance indicators are those which measure the financial performance in the year and position of the group at the reporting date. Key positives for the financial year ended 30 June 2023 have been an increase in turnover of 117% to £23,122,930 from £10,673,346. Gross profit for the year has increased by 234% from £1,248,392 to £4,170,821.

# **MV FRUEHAUF LTD**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 JUNE 2023***

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### **Future outlook**

The directors expect to see further improvements going forward in the financial performance of the business. The high levels of investment that have been made over the past few years will continue to be a key strategy of the business and cost control, efficiency improvements and cash collection remain a key focus across the whole business.

### **Environment**

The company recognises the importance of its environmental responsibilities and has policies in place to manage its impact on the environment.

On behalf of the board

Mr S Cairns  
**Director**

21 December 2023

# **MV FRUEHAUF LTD**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 30 JUNE 2023***

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The directors present their annual report and financial statements for the year ended 30 June 2023. The comparative period covered the period from incorporation on 2 September 2021 to 30 June 2022.

#### **Principal activities**

The principal activity of the company is that of a rigid body and tipping trailer manufacturer.

#### **Results and dividends**

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr S Cairns  
Mr T O'Rourke

#### **Future developments**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments (as applicable).

#### **Auditor**

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr S Cairns  
**Director**

21 December 2023

## **MV FRUEHAUF LTD**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 JUNE 2023***

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# MV FRUEHAUF LTD

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MV FRUEHAUF LTD

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### Opinion

We have audited the financial statements of MV Fruehauf Ltd (the 'company') for the year ended 30 June 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# MV FRUEHAUF LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF MV FRUEHAUF LTD

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#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### *Extent to which the audit is considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and the sector in which it operates, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- Companies Act 2006;
- VAT legislation;
- UK Corporation Tax legislation; and
- UK Generally Accepted Accounting Practice.

## **MV FRUEHAUF LTD**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBER OF MV FRUEHAUF LTD**

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We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of relevant correspondence with regulatory bodies.

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. We identified a heightened fraud risk in relation to:

- Management override of controls
- Revenue recognition

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing the level of and reasoning behind the company's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Completion of appropriate checklists and use of our experience to assess the Company's compliance with the Companies Act 2006; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

#### **Use of our report**

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member for our audit work, for this report, or for the opinions we have formed.

**Jeffrey Marjoribanks (Senior Statutory Auditor)**  
**For and on behalf of Johnston Carmichael LLP**

21 December 2023

**Chartered Accountants**  
**Statutory Auditor**

227 West George Street  
Glasgow  
G2 2ND

## MV FRUEHAUF LTD

### STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

		Year ended 30 June 2023 £	Period ended 30 June 2022 £
	Notes		
Turnover	3	23,122,930	10,673,346
Cost of sales		(18,952,109)	(9,424,954)
<b>Gross profit</b>		<b>4,170,821</b>	<b>1,248,392</b>
Administrative expenses		(4,701,280)	(3,333,137)
<b>Operating loss</b>	4	<b>(530,459)</b>	<b>(2,084,745)</b>
Interest payable and similar expenses	6	-	(2,138)
<b>Loss before taxation</b>		<b>(530,459)</b>	<b>(2,086,883)</b>
Tax on loss	7	88,670	402,167
<b>Loss for the financial year</b>		<b>(441,789)</b>	<b>(1,684,716)</b>

There are no items of other comprehensive income in the period.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# MV FRUEHAUF LTD

## BALANCE SHEET

AS AT 30 JUNE 2023

		2023		2022 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		3,739,475		2,033,792
<b>Current assets</b>					
Stocks	9	5,817,969		5,894,921	
Debtors	10	1,539,433		2,497,968	
Cash at bank and in hand		222,911		335,163	
		<u>7,580,313</u>		<u>8,728,052</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(12,617,986)</u>		<u>(12,173,697)</u>	
<b>Net current liabilities</b>			<u>(5,037,673)</u>		<u>(3,445,645)</u>
<b>Total assets less current liabilities</b>			<u>(1,298,198)</u>		<u>(1,411,853)</u>
<b>Creditors: amounts falling due after more than one year</b>	12		(556,899)		(83,630)
<b>Provisions for liabilities</b>					
Deferred tax liability	14	<u>271,407</u>		<u>189,232</u>	
			<u>(271,407)</u>		<u>(189,232)</u>
<b>Net liabilities</b>			<u>(2,126,504)</u>		<u>(1,684,715)</u>
<b>Capital and reserves</b>					
Called up share capital	16		1		1
Profit and loss reserves	17		<u>(2,126,505)</u>		<u>(1,684,716)</u>
<b>Total equity</b>			<u>(2,126,504)</u>		<u>(1,684,715)</u>

The financial statements were approved by the board of directors and authorised for issue on 21 December 2023 and are signed on its behalf by:

Mr S Cairns  
Director

Company Registration No. SC708376

# MV FRUEHAUF LTD

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

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	Share capital	Profit and loss reserves	Total
Notes	£	£	£
<b>Balance at 2 September 2021</b>	-	-	-
<b>Period ended 30 June 2022:</b>			
Loss and total comprehensive expenditure for the period	-	(1,684,716)	(1,684,716)
Issue of share capital	16	1	1
<b>Balance at 30 June 2022</b>	1	(1,684,716)	(1,684,715)
<b>Year ended 30 June 2023:</b>			
Loss and total comprehensive expenditure for the year	-	(441,789)	(441,789)
<b>Balance at 30 June 2023</b>	1	(2,126,505)	(2,126,504)

# MV FRUEHAUF LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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### 1 Accounting policies

#### Company information

MV Fruehauf Ltd is a private company limited by shares incorporated in Scotland. The registered office is Ninian Road, Brownsburn Industrial Estate, Airdrie, United Kingdom, ML6 9SE.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements (where applicable):

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of MV Commercial Limited. These consolidated financial statements are available from its registered office, Ninian Road, Brownsburn Industrial Estate, Airdrie, ML6 9SE.

#### 1.2 Business combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

# MV FRUEHAUF LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

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**1 Accounting policies** **(Continued)**

**1.3 Going concern**

The financial statements have been prepared on the going concern basis as the directors consider it appropriate to do so. In coming to this conclusion, MV Commercial Limited, the ultimate parent company, has confirmed that it will continue to support the company for at least twelve months following the date of approval of the accounts and will not seek repayment of amounts owed to it by the company to the detriment of the company being able to settle its debts as these fall due.

Based on the above factors, the directors are satisfied that it remains appropriate for the company to prepare its financial statements on a going concern basis.

**1.4 Reporting period**

The current year financial statements cover the year ended 30 June 2023. The comparative period financial statements cover the period from incorporation on 2 September 2021 to 30 June 2022. As a result, comparative information including (related notes and disclosures) are not entirely comparable.

**1.5 Turnover**

Turnover relates to the manufacture of rigid body and tipping trailers and is recognised at the fair value of the consideration received or receivable, net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Turnover is recognised when the significant risks and rewards of ownership of the trailers have passed to the buyer (usually on collection or delivery), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**1.6 Tangible fixed assets**

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

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	50 years straight line
Plant and equipment	5 years straight line
Fixtures and fittings	3 years straight line
Motor vehicles	5 years straight line

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 credited or charged to the statement of comprehensive income.

**1.7 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# MV FRUEHAUF LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

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### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

#### 1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the statement of comprehensive income. Reversals of impairment losses are also recognised in the statement of comprehensive income.

#### 1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include certain debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# MV FRUEHAUF LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

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### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

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 company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including certain creditors and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### **1.11 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.12 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

# MV FRUEHAUF LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

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### 1 Accounting policies

(Continued)

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.14 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.15 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

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. 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. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to the statement of comprehensive income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

# MV FRUEHAUF LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

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### 1 Accounting policies (Continued)

#### 1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in the statement of comprehensive income.

#### 1.17 Prior period restatement

The comparative period financial statements have been restated to reflect the inclusion of company stocks previously omitted from the reported balance as at 30 June 2022 as well as amounts owed to group undertakings in respect of financing the stock.

The impact of the restatement is an increase of stocks previously reported from £5,689,958 to £5,894,921 as well as a commensurate increase in creditors falling due within one year from £11,968,734 to £12,173,697.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Stock provisions

Inventories are valued at the lower of cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include inventory age, competitive and economic environment and inventory loss trends.

The carrying value of the company's stock at the reporting date is outlined at note 9.

### 3 Turnover and other revenue

	2023	2022
	£	£
<b>Turnover analysed by class of business</b>		
Manufacture of trailers	23,122,930	10,673,346
	<u>                    </u>	<u>                    </u>

# MV FRUEHAUF LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 4 Operating loss

	2023	2022
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange differences	(33,959)	(10,154)
Fees payable to the company's auditor for the audit of the company's financial statements	14,063	12,500
Depreciation of owned tangible fixed assets	483,009	240,800
Depreciation of tangible fixed assets held under finance leases	86,734	19,649
Profit on disposal of tangible fixed assets	-	(750)
Operating lease charges	294,000	249,500
	<u>          </u>	<u>          </u>

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023	2022
	Number	Number
Engineering and manufacturing	158	108
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	4,752,007	2,657,988
Social security costs	510,605	265,484
Pension costs	49,278	14,753
	<u>          </u>	<u>          </u>
	5,311,890	2,938,225
	<u>          </u>	<u>          </u>

### 6 Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and loans	-	2,138
	<u>          </u>	<u>          </u>

### 7 Taxation

	2023	2022
	£	£
<b>Current tax</b>		
Group tax relief	(170,845)	(591,399)
	<u>          </u>	<u>          </u>

# MV FRUEHAUF LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

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7 Taxation	(Continued)	
	2023	2022
	£	£
<b>Deferred tax</b>		
Origination and reversal of timing differences	60,551	189,232
Adjustment in respect of prior periods	21,624	-
	<u>82,175</u>	<u>189,232</u>
Total deferred tax	<u>82,175</u>	<u>189,232</u>
Total tax credit	<u>(88,670)</u>	<u>(402,167)</u>

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2023	2022
	£	£
Loss before taxation	<u>(530,459)</u>	<u>(2,086,883)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 20.50% (2022: 19.00%)	(108,744)	(396,508)
Effect of change in corporation tax rate	10,910	45,416
Other permanent differences	22	-
Deferred tax adjustments in respect of prior years	21,624	-
Fixed asset differences	<u>(12,482)</u>	<u>(51,075)</u>
Taxation credit for the year	<u>(88,670)</u>	<u>(402,167)</u>

# MV FRUEHAUF LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

8 Tangible fixed assets	Freehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 July 2022	651,103	1,413,636	132,689	94,869	2,292,297
Additions	1,646,353	521,464	43,813	31,300	2,242,930
Disposals	-	(2,421)	-	(74,000)	(76,421)
At 30 June 2023	<u>2,297,456</u>	<u>1,932,679</u>	<u>176,502</u>	<u>52,169</u>	<u>4,458,806</u>
<b>Depreciation and impairment</b>					
At 1 July 2022	2,454	234,326	4,567	17,158	258,505
Depreciation charged in the year	16,857	397,005	52,772	16,375	483,009
Eliminated in respect of disposals	-	-	-	(22,183)	(22,183)
At 30 June 2023	<u>19,311</u>	<u>631,331</u>	<u>57,339</u>	<u>11,350</u>	<u>719,331</u>
<b>Carrying amount</b>					
At 30 June 2023	<u>2,278,145</u>	<u>1,301,348</u>	<u>119,163</u>	<u>40,819</u>	<u>3,739,475</u>
At 30 June 2022	<u>648,649</u>	<u>1,179,310</u>	<u>128,122</u>	<u>77,711</u>	<u>2,033,792</u>

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2023 £	2022 £
Plant and equipment	<u>369,365</u>	<u>111,350</u>
<b>9 Stocks</b>		
	2023 £	2022 as restated £
Raw materials and consumables	5,586,822	5,695,391
Work in progress	231,147	199,530
	<u>5,817,969</u>	<u>5,894,921</u>

# MV FRUEHAUF LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

10 Debtors	2023	2022
Amounts falling due within one year:	£	£
Trade debtors	1,188,166	1,461,009
Other debtors	23,891	258,652
Prepayments and accrued income	327,376	778,307
	<u>1,539,433</u>	<u>2,497,968</u>

11 Creditors: amounts falling due within one year	2023	2022
Notes	£	as restated £
Obligations under finance leases	13 174,906	25,537
Trade creditors	4,077,751	4,572,321
Amounts owed to group undertakings	5,882,067	5,941,523
Taxation and social security	699,221	104,968
Deferred income	875,521	1,143,877
Other creditors	67,112	48,547
Accruals and deferred income	841,408	336,924
	<u>12,617,986</u>	<u>12,173,697</u>

Obligations under finance leases are secured over the assets to which they relate.

12 Creditors: amounts falling due after more than one year	2023	2022
Notes	£	£
Obligations under finance leases	13 556,899	83,630

Obligations under finance leases are secured over the assets to which they relate.

13 Finance lease obligations	2023	2022
Future minimum lease payments due under finance leases:	£	£
Within one year	174,906	25,537
In two to five years	556,899	83,630
	<u>731,805</u>	<u>109,167</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

# MV FRUEHAUF LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

### 14 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2023 £	Liabilities 2022 £
<b>Balances:</b>		
Accelerated capital allowances	272,021	189,232
Revaluations	(614)	-
	<u>271,407</u>	<u>189,232</u>
		<b>2023</b>
<b>Movements in the year:</b>		<b>£</b>
Liability at 1 July 2022		189,232
Charge to profit or loss		82,175
		<u>271,407</u>

### 15 Retirement benefit schemes

	2023 £	2022 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	49,278	14,753
	<u>49,278</u>	<u>14,753</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 16 Share capital

	2023 Number	2022 Number	2023 £	2022 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	1	1	1	1
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

### 17 Reserves

#### Profit and loss reserves

Profit and loss reserves represent accumulated comprehensive income/(expenditure) for the period less any dividends paid.

## **MV FRUEHAUF LTD**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 30 JUNE 2023***

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#### **18 Related party transactions**

##### **Transactions with related parties**

The company has taken advantage of the exemption available in FRS 102 Section 33 "Related Party Disclosures" whereby it has not disclosed transactions with the company's parent undertaking or any wholly owned undertaking of the group.

#### **19 Ultimate controlling party**

The immediate and ultimate parent undertaking is MV Commercial Limited which has its registered office at Ninian Road, Brownsburn Industrial Estate, Airdrie, ML6 9SE.

MV Commercial Limited is the smallest and largest group for which group accounts are prepared, including the company. Copies of group accounts can be obtained from the company's registered office.

The ultimate controlling party is Mr T O'Rourke.

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