

Registered Number: 07846971

TXM PLANT LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH APRIL 2017



COMPANY INFORMATION

DIRECTORS

G W Richardson
P A Matthews
R Killen

REGISTERED NUMBER

07846971

REGISTERED OFFICE

1 The Grange
Harrett Drive
Wolverton Mill
Milton Keynes
Buckinghamshire
MK12 5NE

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Exchange House
Central Business Exchange
Midsummer Boulevard
Central Milton Keynes
MK9 2DF

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TXM PLANT LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 30TH APRIL 2017

INTRODUCTION

The Directors present the strategic report and financial statements for the 18 month period ended 30 April 2017.

Review of the business

During the year, the company had a management buy-out. The directors and senior management are pleased with the performance of the company.

The financial statements show a Turnover of £91,176,805 with an Operating Profit of £8,635,383 at 9.5% of turnover.

Turnover shows an annualised increase of just over 32% arising from:

- a) The company made a strategic decision to enter the PCL contracting market and set up the TXM Rail division to accommodate this. This achieved a turnover of £24.4m (2015: £nil).
- b) Revenue from Plant Hire was £51.1 million for the period (2015: £32.9m)
- c) The gross margin on hire revenue was constant and this combined with the lower margins in contracting has had the effect of reducing the overall gross margin to 26.9% (2015: 35.7%).

The company continues to focus on the following:

- i. Continued review and restructuring across all areas of the business;
- ii. Increasing commercial relationships with customers;
- iii. Strengthening of the management team for both existing and new positions; and
- iv. Introducing new systems across the whole business.

d) There has been continued control of Administrative Expenses. The ratio to Sales % is 17.4% compared to prior year of 23.7%. This has been achieved through continued examination of the cost base and the introduction of revised operational and administration policies.

e) Net Current Assets have increased by £7.0m due in part to the greatly increased activity in the TXM Rail Division and the restructuring of the company after the buy-out.

f) There are investments in new plant of £8.6 million. There was also £3.7 million spent on machine upgrades which underlines the company's policy of keeping the fleet in top condition.

Principal risks and uncertainties

The principal risks facing the company can broadly be grouped as competitive and financial:

Competitive

The company seeks to be competitive in all areas of the business. It continually invests in people, training and equipment as well as the service offering. In addition the directors focus on developing good relationships with new and existing key customers.

Financial

The company's main financial instruments comprise of cash, loan notes, invoice discounting, plant borrowing facilities finance leasing and working capital. These instruments provide funding for the company's operations. The directors agree policies for the management of these instruments which are considered sufficient to manage the element of risk. These policies are detailed as follows:

TXM PLANT LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 30TH APRIL 2017**

Principal risks and uncertainties (continued)

Financial (Continued)

a) Credit risk

The company seeks to minimise any credit risk by dealing only with established and financially sound businesses. The company establishes clear contractual relationships and identifies any credit issues in a timely manner.

b) Liquidity risk

The company seeks to manage and minimise financial risk by ensuring that sufficient liquidity is available at all times to meet foreseeable needs and by investing cash assets safely and profitably.

c) Interest rate risk

The company has a revolving credit facility with fixed interest rates to finance capital expenditure. The company also utilises an invoice discounting facility to manage fluctuations in working capital. Due to variations in available balances the use of fixed interest rates is not considered appropriate.

This report was approved by the Board on 30 January 2018 and signed on its behalf



G W Richardson
Director

TXM PLANT LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30TH APRIL 2017

The Directors present their report and the audited financial statements for the period ended 30th April 2017.

RESULTS AND DIVIDENDS

The year end date has been changed from 31 October to 30 April and consequently the results here are for the 18 month period to 30 April 2017.

The profit for the financial period, after taxation, amounted to £5,981,585 (2015: £3,967,135).

A dividend of £9,629,521 (2015: £2,046,000) was paid in the period.

DIRECTORS

The directors who served during the period and up to the point of signing the financial statements unless otherwise stated were:

L J Seward (resigned 11 May 2016)

K Gallimore (resigned 11 May 2016)

G W Richardson

G Eccles (resigned 11 May 2016)

J Bettell (resigned 11 May 2016)

P A Matthews (appointed 11 May 2016)

R Killen (appointed 11 May 2016)

FUTURE DEVELOPMENTS

The directors aim to maintain the management policies which have resulted in the company's growth in recent years. They consider that the next year will show further growth from continuing operations.

EMPLOYEE INVOLVEMENT

The company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

DISABLED EMPLOYEES

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

TXM PLANT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30TH APRIL 2017

FINANCIAL INSTRUMENTS

Details of financial instruments are provided in the strategic report on page 1.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

GOING CONCERN

The company is funded through shareholder loan notes which are repayable on the earlier of 2023 or in the event the business is sold and bank loans which are repayable in 2021.

The directors have reviewed the cashflow and covenant compliance forecasts for the foreseeable future and consider the trading performance of the business will provide sufficient headroom in both. The company has regular and positive support from its bank and there is no reason for the directors to consider that this will not continue.

In considering the company's trading cashflow and covenant compliance forecasts, along with the support provided by the company's lenders, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the period end.

INDEPENDENT AUDITORS

The previous auditors, Mercer & Hole, resigned during the year and were replaced by PricewaterhouseCoopers LLP. The latter will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

TXM PLANT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30TH APRIL 2017**

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial 18 month period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

In the case of each director in office at the date the Directors' Report is approved:

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

This report was approved by the Board on 30 January 2018 and signed on its behalf



G W Richardson
Director

TXM PLANT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TXM PLANT LTD

REPORT ON THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, TXM Plant Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 April 2017 and of its profit for the 18 month period (the "period") 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.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- The statement of financial position as at 30 April 2017;
- The statement of comprehensive income for the period then ended;
- The statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standard, comprising FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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 period for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

TXM PLANT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TXM PLANT LTD (CONTINUED)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities 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 Accounting Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

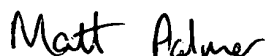
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Matt Palmer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
30 January 2018

TXM PLANT LTD**STATEMENT OF COMPREHENSIVE INCOME****FOR THE PERIOD ENDED 30TH APRIL 2017**

	Note	18 months ended 30 April 2017	Year ended 31 October 2015
		£	£
Turnover	5	91,176,805	45,801,388
Cost of sales		(66,643,491)	(29,422,183)
Gross Profit		24,533,314	16,379,205
Administrative Expenses		(15,897,931)	(10,861,284)
Operating Profit	6	8,635,383	5,517,921
Profit on disposal of fixed assets		77,557	45,467
Profit on ordinary activities before Interest		8,712,940	5,563,387
Other interest receivable and similar income	8	7,575	92
Interest payable and similar charges	8	(2,123,556)	(556,480)
Profit on ordinary activities before taxation		6,596,959	5,007,000
Tax on profit on ordinary activities	9	(615,374)	(1,039,865)
Profit for the financial period		5,981,585	3,967,135

There were no recognised gains and losses for 2017 or 2015 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2017 (2015 £NIL).

The notes on pages 11 to 29 form part of these financial statements.

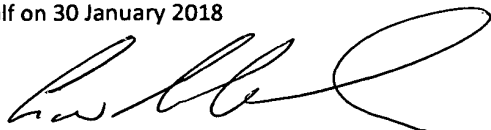
TXM PLANT LTD

STATEMENT OF FINANCIAL POSITION

AS AT 30TH APRIL 2017

	Note	30 April 2017		31 October 2015	
		£	£	£	£
Fixed Assets					
Intangible Assets	10	386,188		300,592	
Tangible Assets	11	24,703,363		17,019,842	
			<u>25,089,551</u>		<u>17,320,434</u>
Current Assets					
Stocks	12	394,193		342,464	
Debtors	13	20,287,211		12,791,996	
Cash at bank and in hand	14	1,777,762		423,570	
			<u>22,459,166</u>		<u>13,558,030</u>
Creditors: amounts falling due within one year	15	<u>(11,166,699)</u>		<u>(9,297,571)</u>	
		(11,166,699)		(9,297,571)	
Net current assets			<u>11,292,467</u>		<u>4,260,459</u>
Total Assets less current liabilities			<u>36,382,018</u>		<u>21,580,893</u>
Creditors: amounts falling due after more than one year	16		(23,457,351)		(5,388,391)
Provisions for liabilities	19		(952,931)		(572,830)
Net Assets			<u>11,971,736</u>		<u>15,619,672</u>
Capital and Reserves					
Called up share capital	22		5,000,001		10,000,001
Profit and loss account			6,971,735		5,619,671
Total shareholders' funds			<u>11,971,736</u>		<u>15,619,672</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 30 January 2018



G W Richardson
Director

The notes on pages 11 to 29 form part of these financial statements.

TXM PLANT LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30TH APRIL 2017

	Note	Called up Share Capital	Profit and loss account	Total shareholders' funds
		£	£	£
Balance at 01 November 2014		10,000,001	3,698,536	13,698,537
Profit for the financial period		-	3,967,135	3,967,135
Total comprehensive income for the year		-	3,967,135	3,967,135
Dividends	22	-	(2,046,000)	(2,046,000)
Total transactions with owners, recognised directly in equity		-	(2,046,000)	(2,046,000)
Balance at 31 October 2015		10,000,001	5,619,671	15,619,672
Balance at 1 November 2015		10,000,001	5,619,671	15,619,672
Profit for the financial period		-	5,981,585	5,981,585
Total comprehensive income for the year		-	5,981,585	5,981,585
Dividends	22	-	(9,629,521)	(9,629,521)
Share capital reduction	22	(5,000,000)	5,000,000	-
Total transactions with owners, recognised in equity		(5,000,000)	(4,629,521)	(9,629,521)
Balance at 30 April 2017		5,000,001	6,971,735	11,971,736

The notes on pages 11 to 29 form part of these financial statements.

TXM PLANT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH APRIL 2017

1 GENERAL INFORMATION

TXM Plant Ltd ("the company") hires plant, attachments, machine operators and engineers to customers maintaining the railway network. The company also provides Plant Operation Scheme Services and undertakes rail project work.

The company is a private limited company limited by shares and is incorporated and domiciled in England. The address of its registered office is 1 The Grange, Harnett Drive, Wolverton Mill, Milton Keynes, MK12 5NE.

2 STATEMENT OF COMPLIANCE

The individual financial statements of TXM Plant Ltd have been prepared in compliance with United Kingdom Accounting standards including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS102") and the Companies Act 2006.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 27.

(a) Basis of Preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

(b) Going Concern

The company is funded through shareholder loan notes which are repayable on the earlier of 2023 or in the event the business is sold and bank loans which are repayable in 2021.

The directors have reviewed the cashflow and covenant compliance forecasts for the foreseeable future and consider the trading performance of the business will provide sufficient headroom in both. The company has regular and positive support from its bank and there is no reason for the directors to consider that this will not continue.

In considering the company's trading cashflow and covenant compliance forecasts, along with the support provided by the company's lenders, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH APRIL 2017**

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The company has not taken advantage of any available exemption for qualifying entities.

(d) Foreign Currency

(i) Functional and presentation currency

The company's functional and presentation currency is in the pound sterling

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the transaction dates.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer (b) the amount of revenue can be measured reliably and (c) when the specific criteria relating to each of the company's sales channels have been met, as described below:

(i) Sales of services; Plant, attachment and operator hire, POS services

Revenue is recognised in the accounting period in which services are rendered, revenue is calculated on a weekly basis.

(ii) Project Services

The company uses the percentage of completion method based on the actual service performed as a percentage of the total services to be provided. The company operates a staged margin release policy for project work.

(iii) Rental Income

Rental income is recognised when received.

(f) Employee benefits

The company provides paid holiday arrangements and defined contribution pension plans to employees.

(i) Short term benefits

Short term benefits including holiday pay and other non-monetary benefits are recognised as an expense in the period in which the service is received

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH APRIL 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Employee benefits (continued)

(ii) Defined contribution pension plans

The company operates defined contribution plans for its employees. A defined contribution plan is a pension plan under which the company pays fixed percentage contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in the accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

(g) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

(h) Intangible Assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life of three years on a straight line basis. Where factors, such as technological advancement or changes in market price, indicate that the useful life or residual value have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH APRIL 2017**

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Tangible Assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

(i) Land & buildings - Leasehold improvements

Land and buildings include improvements to leasehold premises (depots and offices) and are stated at cost less accumulated depreciation.

(ii) Plant and machinery and fixtures, fittings, tools and equipment

Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation and residual values

Depreciation on assets is calculated, using the straight line method, to allocate the cost to their residual values over their estimated useful lives as follows:-

Leasehold improvements - 10 years

Machines - 10 years

Machine Upgrades - 7 years

Attachments - 5 - 8 years

Fixtures and Fittings - 5 years

Computer Hardware - 3 years

Vehicles and Racking - 3 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate at the end of each reporting period. The effect of any change is accounted for prospectively.

(iv) Subsequent additions and major components

Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably. Repairs, maintenance and inspection costs are expenses as occurred.

(v) Derecognition

Tangible Assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in "Profit/(Loss) on disposal of Fixed Assets".

(j) Borrowing Costs

Ongoing borrowing costs are recognised in profit or loss in the period in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH APRIL 2017**

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Leased Assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset. Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

(ii) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(l) Inventories

Inventories of parts held for internal use are stated at purchase price. At the end of each reporting period inventories are assessed for impairment. If an item of inventory is deemed to be unusable the value will be reduced to zero.

(m) Cash and Cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and invoice discounting facilities. Invoice discounting facilities are shown within borrowings in current liabilities

(n) Provisions and Contingencies

(i) provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow in respect to any one item included in the same class of obligations may be small.

Provision is not made for future operating losses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH APRIL 2017**

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Provisions and Contingencies (continued)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(ii) Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date, or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

(o) Financial Instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price. Financial assets are derecognised when:

- (a) the contractual rights to the cash flows from the asset expire or are settled, or
- (b) substantially all the risks and rewards of the asset are transferred to another party, or
- (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial Liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies that are classified as debt, are initially recognised at transaction price.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised at transaction price. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial liabilities and assets are offset and 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH APRIL 2017**

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

(r) Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATING UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and judgements

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property plant and equipment, and note 3(i) for the useful economic lives for each class of assets.

(ii) Inventory provisioning

The company holds a stock of spares which are utilised when a machine or attachment requires repair, and then replaced. When calculating the inventory provision, management considers the nature and condition of the inventory. See Note 12 for the net carrying amount of the inventory and associated provision.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH APRIL 2017

4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATING UNCERTAINTY

Critical accounting estimates and judgements (continued)

(iii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of the debtors and associated impairment provision.

5 TURNOVER

The total turnover of the company for the period has been derived from its principal activities wholly undertaken in the United Kingdom.

Analysis of turnover by category	2017 £	2015 £
Hire revenue	51,098,449	32,931,729
Delivery/Collection	12,020,540	7,935,902
Contract Revenue	24,347,439	-
Other Revenue	3,710,377	4,933,757
	91,176,805	45,801,388

6 OPERATING PROFIT

Operating Profit is stated after charging

	Note	2017 £	2015 £
Wages and salaries		22,895,475	12,590,674
Social Security costs		2,470,039	1,345,652
Other pension costs	18	194,156	103,352
Staff Costs		25,559,670	14,039,678
Impairment of trade receivables		45,108	15,042
Operating Lease charges		410,308	350,405
Fees payable to the company's auditors for audit services		72,800	24,000
Fees payable to the company's auditors for taxation services		25,500	5,000
Inventory recognised as an expense		1,221,876	1,509,833
Amortisation of intangible assets		154,075	50,307
Depreciation of tangible assets		5,079,675	2,372,543

Audit fees were payable to PricewaterhouseCoopers LLP (2017) and Mercer & Hole (2015).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH APRIL 2017**

7 EMPLOYEES AND DIRECTORS

Employees

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

By activity	2017	2015
	Number	Number
Operations	210	179
Selling, distribution and administration	100	81
	<u>310</u>	<u>260</u>

Directors

The directors' emoluments were as follows:-

	2017	2015
	£	£
Aggregate emoluments	1,145,680	205,793
Sums paid to third parties for directors' services	489,581	683,054
	<u>1,635,261</u>	<u>888,847</u>

Highest paid director

The highest paid director's emoluments were as follows:

	2017	2015
	£	£
Total amount of emoluments	589,075	205,793

Key Management Compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below.

	2017	2015
	£	£
Salaries and other short term benefits	2,552,185	1,053,033

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH APRIL 2017**

8 NET INTEREST EXPENSE		2017	2015
		£	£
(a)	Interest receivable and similar income		
	Bank Interest received	2,427	92
	Rental Income Received	5,148	-
	Total interest receivable and similar income	7,575	92
		2017	2015
		£	£
(b)	Interest payable and similar charges		
	Interest payable on overdrafts and bank loans	(1,380,567)	(163,852)
	Finance Lease Interest	(742,989)	(392,628)
	Total interest payable and similar charges	(2,123,556)	(556,480)
		2017	2015
		£	£
(c)	Net Interest expense		
	Total interest receivable and similar income	7,575	92
	Interest payable and similar charges	(2,123,556)	(556,480)
	Net Interest expense	(2,115,981)	(556,388)

9 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a)	Tax expense included in profit or loss	2017	2015
		£	£
	Current Tax:		
	UK Corporation tax on profits for the year	239,731	190,425
	Adjustment in respect of R&D tax claim	(5,429)	-
	Adjustment in respect of prior period	3,684	-
	Total current tax	237,986	190,425
	Deferred tax:		
	Origination and reversal of timing differences	210,089	880,027
	Adjustments in respect of prior periods	216,634	(2,489)
	Impact of change in tax rate	(49,335)	(28,098)
	Total deferred tax	377,388	849,440
	Tax on profit on ordinary activities	615,374	1,039,865

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH APRIL 2017

9 TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

(b) Reconciliation of tax charge

The charge for the year can be reconciled to the profit per the income statement as follows:

	2017	2015
	£	£
Profit on ordinary activities before taxation	6,596,959	5,007,000
Profit multiplied by the standard rate of tax in the UK of 19.95%	1,315,774	1,022,113
Effects of: (2015: 20.41%)		
– Expenses not deductible for tax purposes	8,389	48,339
– Research & Development Tax Claim	(5,429)	-
– Effects of group/ other reliefs	(303,562)	-
– Adjustments in respect of prior periods	220,318	(2,489)
– Utilisation of tax losses	-	-
– change in UK tax rate	(49,335)	(28,098)
– share options deduction	(570,781)	-
Tax charge for the year	615,374	1,039,865

10 INTANGIBLE ASSETS

	Computer Software	Total
	£	£
At 1st November 2015		
Cost	375,997	375,997
Accumulated amortisation and impairment	(75,405)	(75,405)
Net Book amount	300,592	300,592
Period to 30th April 2017		
Opening net book amount	300,592	300,592
Additions	239,671	239,671
Amortisation	(154,075)	(154,075)
Closing net book amount	386,188	386,188
At 30th April 2017		
Cost	615,668	615,668
Accumulated depreciation and impairment	(229,480)	(229,480)
Closing net book amount	386,188	386,188

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH APRIL 2017**

11 TANGIBLE ASSETS	Leasehold Improvements £	Plant & Machinery £	Fixtures & Fittings £	Computer Hardware £	Motor Vehicles £	Total £
At 1st November 2015						
Cost	1,375,593	23,075,671	130,964	186,804	69,664	24,838,696
Accumulated depreciation	(150,621)	(7,491,619)	(69,344)	(80,820)	(26,450)	(7,818,854)
Net Book amount	1,224,972	15,584,052	61,620	105,984	43,214	17,019,842
Period ended 30th April 2017						
Opening net book amount	1,224,972	15,584,052	61,620	105,984	43,214	17,019,842
Additions	334,036	12,340,539	81,214	53,495	84,393	12,893,677
Disposal	-	(130,481)	-	-	-	(130,481)
Depreciation	(263,496)	(4,690,036)	(31,354)	(52,545)	(42,244)	(5,079,675)
Closing net book amount	1,295,512	23,104,074	111,480	106,934	85,363	24,703,363
At 30th April 2017						
Cost	1,709,629	35,219,358	212,178	240,299	154,057	37,535,521
Accumulated depreciation and impairment.	(414,117)	(12,115,284)	(100,698)	(133,365)	(68,694)	(12,832,158)
Closing net book amount	1,295,512	23,104,074	111,480	106,934	85,363	24,703,363

	2017 £	2015 £
The net book value of land and buildings comprises:		
Short leasehold	1,295,512	1,224,972
Carrying amount	1,295,512	1,224,972

12 STOCKS	2017 £	2015 £
Stock of parts	394,193	342,464
Carrying amount	394,193	342,464

There is no significant difference between the replacement cost of parts and their carrying amounts. No provision for impairment has been made (2015: None).

TXM PLANT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH APRIL 2017**

13 DEBTORS	2017	2015
	£	£
Trade Debtors	8,834,035	5,013,802
Deferred tax asset	4,603	-
Amounts owed by group undertakings	5,211,193	4,561,595
Prepayments and Accrued Income	6,237,380	3,216,599
Total Debtors	20,287,211	12,791,996

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade debtors are stated after provisions for impairment of £99,797 (2015: £60,527).

14 CASH AT BANK AND IN HAND	2017	2015
	£	£
Short term deposits	127,762	423,570
Other deposits	1,650,000	-
Total current asset investments	1,777,762	423,570

The amount shown in other deposits is held by HSBC bank as security for a performance bond given to Tyne and Wear Transport T/A Nexus and the company's corporate credit card facility of £50,000.

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2017	2015
	£	£
Invoice discounting	1,794,385	2,898,880
Net obligations under HP contracts	-	1,534,580
Finance leases	3,438	170,648
Trade creditors	4,569,905	1,634,258
Corporation tax	2,431	190,425
Other taxation and social security	1,244,009	652,579
Other creditors	177,250	90,565
Accruals and deferred income	3,375,281	2,125,636
Total Creditors due within one year	11,166,699	9,297,571

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH APRIL 2017**

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017	2015
	£	£
Amounts falling due between one and five years		
Net obligations under Hire Purchase contracts	-	5,388,391
Bank Loans	23,437,351	-
Total Creditors due after more than one year	23,457,351	5,388,391

The Bank loans comprise a Plant and Machinery facility of £17.64m and a term loan of £5.8m.

The Plant and Machinery facility is revolving with no fixed repayments and a term of 60 months from 11th May 2016.

The term loan has regular monthly payments of £90,800 over 5 years with a final bullet repayment in May 2021 of £2,233,600.

Fees directly attributable to bank loans of £873,447 were capitalised against them. At 30th April 2017 £729,649 remain unamortised.

17 FINANCE LEASES

The future minimum finance lease and hire purchase payments are as follows:-	2017	2015
	£	£
Not later than one year	3,438	1,705,228
Later than one year and not later than five years	-	5,388,391
Later than five years	-	-
Total Finance Leases	3,438	7,093,619

18 POST-EMPLOYMENT BENEFITS

The company operates two defined contribution schemes for its employees, both with Friends Life

There is an old pension scheme available to some previous employees of Hydrex Equipment (UK) Ltd and other companies acquired by this company. There is also an Auto-enrolment Scheme.

	2017	2015
	£	£
The amount recognised as an expense for the defined contribution scheme was	194,156	103,352

19 PROVISIONS FOR LIABILITIES

The company had the following provisions during the period

	Dilapidations Provision £	Deferred Tax Provision £	Total £
At 1st November 2015	1,890	570,940	572,830
Credited to income statement for the period	(1,890)	381,991	380,101
As at 30th April 2017	-	952,931	952,931

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH APRIL 2017**

20 DEFERRED TAX

The provision for deferred tax consists of the following deferred tax liabilities

	2017 £	2015 £
Fixed Asset timing differences	952,931	572,935
Tax losses available	-	(1,995)
Short term timing differences - trading	(4,603)	-
	<u>948,328</u>	<u>570,940</u>
Deferred tax (assets)		
Recoverable within 12 months	(4,603)	-
Deferred tax liabilities		
Payable within 12 months	952,931	570,940

There are no unused tax losses or unused tax credits

21 FINANCIAL INSTRUMENTS

	Note (s)	2017 £	2015 £
The company has the following financial instruments			
Financial Assets that are debt instruments that are measured at amortised cost			
Trade debtors	13	8,834,035	5,013,802
Amounts owed by group undertakings	13	5,211,193	4,561,595
Investments in short term deposits	14	127,762	423,570
		<u>14,172,990</u>	<u>9,998,967</u>
Financial Liabilities measured at amortised cost			
Invoice discounting facility	15	1,794,385	2,898,880
Trade Creditors	15	4,569,905	1,634,258
Other Creditors	15	177,250	90,565
Finance Leases	15	3,438	170,648
Hire Purchase Agreements	15/16	-	6,922,971
Loans	16	23,437,351	-
		<u>29,982,329</u>	<u>11,717,322</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH APRIL 2017

22 CALLED UP SHARE CAPITAL

Ordinary shares of £1 each	Number	£
As at 1st November 2015	10,000,001	10,000,001
Share capital reduction	(5,000,000)	(5,000,000)
As at 30th April 2017	5,000,001	5,000,001

The share capital reduction took place to create additional distributable reserves from which the dividend was paid to Equipment and Track Solutions Ltd.

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

Dividends	2017 £	2015 £
Equity - ordinary		
Final 2017 at £1.926 per share (2015: Final 2015 paid at £0.205 per share)	9,629,521	2,046,000
Total dividends paid	9,629,521	2,046,000

23 CAPITAL AND OTHER COMMITMENTS

The company had the following capital commitments	2017 £	2015 £
Contracts for future capital expenditure not provided in the financial statements.	2,636,682	544,156

The company had the following future minimum lease payments under non cancellable operating leases for each of the following periods:

Payments due	Land and Buildings		Other	
	2017 £	2015 £	2017 £	2015 £
Not later than one year	86,055	59,513	165,556	527,526
Later than one year and not later than five years	494,799	195,240	1,433,611	335,847
Later than five years	481,000	116,329	-	-
	1,061,854	371,082	1,599,167	863,373

The company had no other off balance sheet arrangements

TXM PLANT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH APRIL 2017

24 RELATED PARTY TRANSACTIONS

	Purchases	Sales	Purchases	Sales
	2017	2017	2015	2015
	£	£	£	£
TXM Recruit Ltd	287,636	8,487	233,457	29,656
TXM Infrastructure Ltd	769,291	26,535	534,007	124,114
TXM Management Ltd	489,355	-	716,323	-
TXM Projects Ltd	-	3,425	-	5,190
TXM Training Academy Ltd	268,291	45,856	546,821	82,626
Raildoor Solutions Ltd	1,768	6,849	174	10,080
PM Interim Solutions Ltd	78,498	-	106,495	-
Ex Test Ltd	282,530	-	140,202	-

	Creditor	Debtor	Creditor	Debtor
	2017	2017	2015	2015
	£	£	£	£
TXM Recruit Ltd	4,141	-	9,478	2,137
TXM Infrastructure Ltd	-	-	-	70,481
TXM Management Ltd	-	-	48,000	-
TXM Projects Ltd	-	-	-	420
TXM Training Academy Ltd	-	9,600	-	9,761
Raildoor Solutions Ltd	-	-	-	840
PM Interim Solutions Ltd	-	-	-	-
Ex Test Ltd	-	-	7,217	-

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the group.

During the period Mr Garth Richardson (son of Managing Director Gareth Richardson) was employed by the company as an engineer, Miss Samantha Harvey (daughter of Operations Director Richard Harvey) was employed by the company as an Administrator and Rail Assistant Manager, and Mr Iain Thompson (son of HR Director Patricia Thompson) was employed by the company as SHEQ and Compliance Facilitator. Their remuneration was in line with their roles and market levels for salaries.

25 CONTROLLING PARTIES

The immediate parent undertaking is Equipment and Track Solutions Ltd (formerly TXM Plant Holdings Ltd).

The ultimate parent undertaking and the smallest and largest group to consolidate is Bacchus Newco Ltd.

The directors consider that TXM Plant Ltd has no single ultimate controlling party by virtue of its shareholding.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH APRIL 2017**

26 EVENTS AFTER THE END OF THE REPORTING PERIOD

There have been no significant events affecting the Company since the period end.

27 TRANSITION TO FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 31st October 2015. The date of transition to FRS 102 was 1st November 2014. Set out below are the changes in accounting policies which reconcile profit for the period ended 31st October 2015 and the total equity as at 1st November 2014 and 31st October 2015 between UK GAAP as previously reported and FRS 102.

	2015
	£
Profit for the financial year	
UK GAAP as previously reported	3,986,935
Holiday Pay Accrual	(19,800)
Total adjustment to profit before tax for the financial year	(19,800)
FRS 102	3,967,135

	01-Nov 2014	31-Oct 2015
	£	£
Total shareholders' funds		
UK GAAP as previously reported	13,725,537	15,666,472
Holiday pay accrual	(27,000)	(46,800)
FRS 102	13,698,537	15,619,672

Holiday Pay Accrual

FRS 102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received. This has resulted in the company recognising a liability for holiday pay of £27,000 on transition to FRS 102. Previously holiday pay accruals were not recognised and were charged to the profit and loss account as they were paid. In the period to 31st October 2015 an additional charge of £19,800 was recognised in the profit and loss account and the liability at 31st October 2015 was £46,800.

Deferred Taxation

The company has not accounted for deferred tax on transition as there is an immaterial impact in respect of holiday pay.

Other Adjustments arising on transition to FRS 102

In addition to the transition adjustments identified above which affect profit for the financial year the following adjustments have arisen which have no effect on net equity or profit and loss account but which have affected the presentation of these items on the balance sheet.

(a) Computer software, with a net book value of £300,592 at 1 November 2015, has been reclassified from tangible to intangible assets as required under FRS 102. This has no effect on the company's net assets nor on the profit for the year, except that the previous depreciation charge is now described as amortisation.

27 TRANSITION TO FRS 102 (CONTINUED)

Cash and cash equivalents are defined in FRS 102 as 'cash on hand and demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value' whereas cash is defined as 'cash in hand and deposits repayable on demand with any qualifying institution, less overdrafts from any qualifying institution repayable on demand'. The FRS1 definition is more restrictive.