

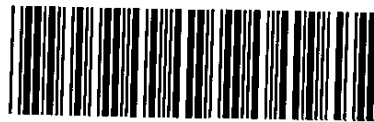
Registered number: 01147080

BROOM BOATS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2017

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BROOM BOATS LIMITED

COMPANY INFORMATION

Directors	M R Scott M M Harvey (resigned 30 November 2017)
Registered number	01147080
Registered office	The Yacht Station Riverside Brundall Norfolk NR13 5PX
Independent auditors	Larking Gowen LLP Chartered Accountants & Statutory Auditors 1 Claydon Business Park Great Blakenham Ipswich IP6 0NL

BROOM BOATS LIMITED

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BROOM BOATS LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017

Introduction

The principal activities of the Company during the year continued to be in the area of boat building, boat servicing and repairs and the operation of a marina.

Business review

Gross profit has fallen from £1,420,511 in 2016 to £800,052 in 2017. This followed a reduction in turnover from £4,304,692 in 2016 to £3,396,988 and overall there has been an increase in the loss before tax from £646,827 in 2016 to £1,716,647 in 2017.

The directors have stated that they are disappointed with the results disclosed. As a result of the continued disappointing performance in 2017 the directors have made the decision to suspend the production of boats and focus on other areas of the business with more profit potential.

Principal risks and uncertainties

The directors consider the principal risk for the business to be the operational difficulties associated with suspending boat building activities whilst meeting demands of ongoing commitments. The directors consider that the honest and transparent approach taken in explaining the situation to staff, along with the continued need for skilled labour in the marine service business, should enable them to retain the necessary personnel to fulfil the outstanding contracts.

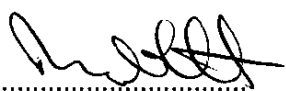
The directors are mindful of the general economic risk to the marine services and mooring business as many peoples disposable income continues to stagnate or decline. The directors feel that continuing to offer quality service and good value will ensure customers continue to be attracted and retained.

The Company, through suspending boat building activities, considers any exposure to foreign exchange risk to be negligible.

Financial key performance indicators

The directors believe that the key financial performance indicators are those that communicate the financial performance and strength of the Company as a whole, these being turnover, gross profit and loss / profit before tax (all noted above).

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


.....
M R Scott
Director

Date: 01.08.18

BROOM BOATS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the period ended 31 December 2017.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

Results and dividends

The loss for the period, after taxation, amounted to £1,708,697 (2016 - loss £600,986).

The Accounting period has been extended to 31 December 2017 to bring it in line with the year end of the ultimate parent company.

Directors

The directors who served during the period were:

M R Scott
M M Harvey (resigned 30 November 2017)

Research and development activities

Development activities are based on the design and development of new boating models.

BROOM BOATS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2017**

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.

Post balance sheet events

On 21 March 2018 the directors announced their decision to cease the production of boats and focus on other areas of the business with more profit potential. The turnover attributable to new boat sales during the period was £1.742m which equates to 51% of total turnover. This is clearly a significant proportion of income which will be lost, however the directors are confident that the business will return to profitability through its repairs and servicing branch.

After the year end, the trade of Broom Boat Sales Limited was transferred to Broom Boats Limited.

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



.....
M R Scott
Director

Date: 01.08.18

BROOM BOATS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BROOM BOATS LIMITED

Opinion

We have audited the financial statements of Broom Boats Limited (the 'Company') for the period ended 31 December 2017, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of 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 31 December 2017 and of its loss for 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.

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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 forming our opinion, which is not modified in this respect, we have considered the adequacy of the disclosures made in note 2.3 to the financial statements concerning the Company's ability to continue as a going concern. The Company has net liabilities of £3,957,697 for the period ended 31 December 2017 with a net loss of £1,708,697. The Company meets its day to day working capital requirements through a combination of bank borrowings and support from its parent undertakings. These conditions, along with the other matters explained in note 2.3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. 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.

BROOM BOATS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BROOM BOATS LIMITED (CONTINUED)

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the 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 or 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 directors' 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 on page 2, 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.

BROOM BOATS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BROOM BOATS LIMITED (CONTINUED)

Auditors' 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 Auditors' 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

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



Ian Fitch FCA (Senior statutory auditor)

for and on behalf of
Larking Gowen LLP

Chartered Accountants
Statutory Auditors

1 Claydon Business Park
Great Blakenham
Ipswich

IP6 0NL

Date:

3 August 2018

BROOM BOATS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	3,396,988	4,304,692
Cost of sales		(2,596,936)	(2,884,181)
Gross profit		800,052	1,420,511
Administrative expenses		(2,310,834)	(2,222,672)
Exceptional administrative expenses		(202,974)	(123,985)
Other operating income		49,750	54,865
Operating loss		(1,664,006)	(871,281)
Interest receivable and similar income		-	279,281
Interest payable and expenses		(52,641)	(54,827)
Loss before tax		(1,716,647)	(646,827)
Tax on loss		7,950	45,841
Loss for the financial period		(1,708,697)	(600,986)

There was no other comprehensive income for 2017 (2016:£NIL).

BROOM BOATS LIMITED
REGISTERED NUMBER: 01147080

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017


	Note	31 December 2017 £	30 November 2016 £
Fixed assets			
Intangible assets	13	5,550	190,374
Tangible assets	14	3,381,765	3,387,793
		<u>3,387,315</u>	<u>3,578,167</u>
Current assets			
Stocks	15	318,065	554,016
Debtors	16	1,969,780	2,467,989
Cash at bank and in hand	17	123	2,893
		<u>2,287,968</u>	<u>3,024,898</u>
Creditors: amounts falling due within one year	18	(9,632,980)	(8,832,731)
Net current liabilities		<u>(7,345,012)</u>	<u>(5,807,833)</u>
Total assets less current liabilities		<u>(3,957,697)</u>	<u>(2,229,666)</u>
Provisions for liabilities			
Other provisions		-	(19,334)
		<u>-</u>	<u>(19,334)</u>
Net liabilities		<u><u>(3,957,697)</u></u>	<u><u>(2,249,000)</u></u>

BROOM BOATS LIMITED
REGISTERED NUMBER: 01147080

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2017

		31 December 2017 £	30 November 2016 £
	Note		
Capital and reserves			
Called up share capital		58,210	58,210
Share premium account	22	445,376	445,376
Revaluation reserve	22	1,936,563	1,920,313
Profit and loss account	22	(6,397,846)	(4,672,899)
		<u>(3,957,697)</u>	<u>(2,249,000)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


.....
M R Scott
Director

Date: 01.08.18

The notes on pages 12 to 30 form part of these financial statements.

BROOM BOATS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 December 2016	58,210	445,376	1,920,313	(4,672,899)	(2,249,000)
Comprehensive income for the period					
Loss for the period	-	-	-	(1,708,697)	(1,708,697)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Other comprehensive income for the period	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	-	(1,708,697)	(1,708,697)
Transfer to/from profit and loss account	-	-	16,250	(16,250)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	58,210	445,376	1,936,563	(6,397,846)	(3,957,697)

BROOM BOATS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 NOVEMBER 2016**

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 December 2015	58,210	445,376	1,905,034	(4,056,634)	(1,648,014)
Comprehensive income for the year					
Loss for the year	-	-	-	(600,986)	(600,986)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(600,986)	(600,986)
Transfer to/from profit and loss account	-	-	15,279	(15,279)	-
At 30 November 2016	58,210	445,376	1,920,313	(4,672,899)	(2,249,000)

The notes on pages 12 to 30 form part of these financial statements.

BROOM BOATS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

1. General information

Broom Boats Limited is a limited Company incorporated in England and Wales. The registered office is The Yacht Station, Riverside, Brundall, Norwich, NR13 5PX. The company's principal activities are that of the manufacturing of boats, boat servicing and repairs and operation of a marina.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling and rounded to the nearest £.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3)

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Brundall Investments Limited as at 31 December 2017 and these financial statements may be obtained from Companies House.

BROOM BOATS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.3 Going concern

The Company incurred a net loss of £1,708,697 during the period ended 31 December 2017 and at that date the Company had net current liabilities of £7,345,012 and net liabilities of £3,957,697. The Company meets its day to day working capital requirements through a combination of formal bank borrowings and support from its parent undertakings. The bank facilities of £1,145,275 are secured over the assets of the Company. Included in the bank facility is an overdraft facility of £400,000 which was renewed in January 2018 for a period of 12 months. The parent undertakings have confirmed their loans of £7,786,290 will not be withdrawn in the foreseeable future unless funds permit.

Based on financial projections and the continued availability of sufficient levels of finance from both the bank and group companies, the directors consider it appropriate to prepare the financial statements on the going concern basis.

In forming their decision on going concern, the directors have considered a period of no less than 12 months from the date of approval of these financial statements.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

On the sale of standard products and repairs, revenue is recognised by the Company on completion of the job.

On the sale of boats, revenue is recognised across the life of the build.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Development costs are amortised over their expected useful lives, considered to be 50 years.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

BROOM BOATS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following basis:

Freehold property	- 2% straight line
Improvements to freehold property	- 10% straight line
Plant and machinery	- 10%-25% reducing balance
Motor vehicles	- 25% straight line
Fixtures, fittings & computer equipment	- 25% reducing balance
Website & software	- 25%-33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

Moulds included within plant and machinery, are written off over their useful economic lives. The useful economic lives are assessed annually by the directors.

Land and buildings are stated at deemed cost at the transition date to FRS 102.

2.7 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 Development costs

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits and are amortised over the anticipated life of the benefits arising from the completed product or project.

Development costs are reviewed annually, and where benefits are deemed to have ceased or to be in doubt, the balance of any related development is written off to the Statement of comprehensive income.

BROOM BOATS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

BROOM BOATS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.15 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed 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 in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.18 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the period in which they are incurred.

BROOM BOATS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.20 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.21 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.22 Research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on a straight line basis over the anticipated life of the benefits arising from the completed product or project.

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the Statement of comprehensive income.

BROOM BOATS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date, and the amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. No judgments (apart from those involving estimates) have been made when preparing the financial statements.

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- Stock provision

A provision for stock where net realisable value is expected to be less than cost has been included in the financial statements to ensure the stock balance represents a recoverable amount, as disclosed in Note 15. The stock provision at 31 December 2017 was £125,921.

- Amounts recoverable on contracts

Amounts recoverable on contracts are assessed on a contract by contract basis and turnover and related costs are recognised as the activity progresses.

- Amortisation and impairment of development costs

Development costs consist of expenditure incurred by the company in the design and development of new boating models. Amortisation of 2% per use has been applied. An impairment review has been carried out this year resulting in a charge of £192,993.

- Useful economic life of tangible fixed 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 14 and 2.6.

BROOM BOATS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017**

4. Turnover

An analysis of turnover by class of business is as follows:

	2017 £	2016 £
Boat sales	2,067,671	2,744,260
Services rendered	1,188,382	1,438,054
Moorings	140,935	122,378
	<u>3,396,988</u>	<u>4,304,692</u>

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	3,302,217	4,004,532
Rest of Europe	94,771	300,160
	<u>3,396,988</u>	<u>4,304,692</u>

5. Other operating income

	2017 £	2016 £
Net rents receivable	49,750	54,865
	<u>49,750</u>	<u>54,865</u>

6. Operating loss

The operating loss is stated after charging:

	2017 £	2016 £
Research & development charged as an expense	601	1,226
Depreciation of tangible fixed assets	130,612	138,909
Impairment of tangible fixed assets	9,981	118,790
Amortisation of intangible assets, including goodwill	6,605	64,478
Impairment of intangible assets	99,710	5,195
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

BROOM BOATS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	<i>as restated</i> 2016 £
Wages and salaries	1,728,762	1,947,069
Social security costs	167,603	194,707
Cost of defined contribution scheme	16,568	21,634
	<u>1,912,933</u>	<u>2,163,410</u>

The average monthly number of employees, including the directors, during the period was as follows:

	2017 No.	2016 No.
Boat building and repairing	59	72
Selling, distribution and administration	11	13
	<u>70</u>	<u>85</u>

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	50,000	110,366
Company contributions to defined contribution pension schemes	500	1,104
	<u>50,500</u>	<u>111,470</u>

During the period retirement benefits were accruing to 1 director (2016 - 2) in respect of defined contribution pension schemes.

9. Interest receivable

	2017 £	2016 £
Interest receivable from group companies	-	279,281
	<u>-</u>	<u>279,281</u>

BROOM BOATS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017**

10. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	52,641	54,827
	<u>52,641</u>	<u>54,827</u>

11. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	-	(21,699)
Adjustments in respect of previous periods	(7,950)	(24,142)
	<u>(7,950)</u>	<u>(45,841)</u>
 Total current tax	 <u>(7,950)</u>	 <u>(45,841)</u>

BROOM BOATS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017**

11. Taxation (continued)**Factors affecting tax charge for the period/year**

The tax assessed for the period is higher than (2016 - *higher than*) the standard rate of corporation tax in the UK of 19.31% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	<u>(1,716,647)</u>	<u>(646,827)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.31% (2016 - 20%)	(331,485)	(129,366)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	(9,577)	13,935
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	9,455	11,769
Capital allowances for period/year in excess of depreciation	-	19,571
Adjustments to tax charge in respect of prior periods	(7,950)	(24,142)
Deferred tax not recognised	57,536	-
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	-	(21,699)
Changes in provisions leading to an increase (decrease) in the tax charge	-	(179)
Impact of change in tax rates	6,088	-
Unrelieved tax losses carried forward	-	84,270
Group relief	267,983	-
Total tax charge for the period/year	<u>(7,950)</u>	<u>(45,841)</u>

Factors that may affect future tax charges

At 31 December 2017, the Company has tax losses of £4,654,693 available for offset against future taxable profits. A further deferred tax asset of £760,855 has not been recognised in the financial statements.

Changes to UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These included reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxed at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

BROOM BOATS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017**

12. Exceptional items

	2017 £	2016 £
Impairment of development costs	192,993	5,195
Impairment of tangible fixed assets	9,981	118,790
	<u>202,974</u>	<u>123,985</u>

13. Intangible assets

	Development costs £	Trademarks £	Total £
Cost			
At 1 December 2016	711,498	5,550	717,048
Additions	14,774	-	14,774
	<u>726,272</u>	<u>5,550</u>	<u>731,822</u>
At 31 December 2017			
Amortisation			
At 1 December 2016	526,674	-	526,674
Charge for the year	6,605	-	6,605
Impairment charge	192,993	-	192,993
	<u>726,272</u>	<u>-</u>	<u>726,272</u>
At 31 December 2017			
Net book value			
At 31 December 2017	<u>-</u>	<u>5,550</u>	<u>5,550</u>
At 30 November 2016	<u>184,824</u>	<u>5,550</u>	<u>190,374</u>

BROOM BOATS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017**

14. Tangible fixed assets

	Freehold property £	Other fixed assets £	Improvements to freehold property £	Total £
Cost or valuation				
At 1 December 2016	3,033,787	3,012,108	101,477	6,147,372
Additions	-	86,490	51,103	137,593
Disposals	-	(56,881)	-	(56,881)
Transfers between classes	(33,787)	-	33,787	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	3,000,000	3,041,717	186,367	6,228,084
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 December 2016	105,000	2,616,574	38,005	2,759,579
Charge for the period on owned assets	16,250	101,713	12,649	130,612
Disposals	-	(53,852)	-	(53,852)
Impairment charge	-	9,981	-	9,981
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	121,250	2,674,416	50,654	2,846,320
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2017	<u>2,878,750</u>	<u>367,301</u>	<u>135,713</u>	<u>3,381,764</u>
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 November 2016	<u>2,928,787</u>	<u>395,534</u>	<u>63,472</u>	<u>3,387,793</u>
	<hr/>	<hr/>	<hr/>	<hr/>

BROOM BOATS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017**

Included in freehold property is freehold land and moorings at a valuation of £2,250,000 (original cost £4,700) which is not depreciated.

The Company applied the transitional arrangements of Section 35 of FRS 102 and used the valuation at transition as the deemed cost for the land and buildings. As the assets are depreciated or sold an appropriate transfer is made from the revaluation reserve to retained earnings.

Analysis of the land and buildings valued at the date of transition to FRS 102 using deemed cost exemption:

	Land and buildings £
At cost	1,484,879
At valuation:	
December 2009 on existing use basis	1,515,121
	<u>3,000,000</u>

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	31 December 2017 £	<i>as restated 30 November 2016 £</i>
Cost	1,484,879	<i>1,518,666</i>
Accumulated depreciation	(336,593)	<i>(306,989)</i>
Net book value	<u>1,148,286</u>	<i><u>1,211,677</u></i>

15. Stocks

	31 December 2017 £	<i>30 November 2016 £</i>
Raw materials and consumables	246,131	<i>323,384</i>
Work in progress	71,934	<i>230,632</i>
	<u>318,065</u>	<i><u>554,016</u></i>

Stock recognised in cost of sales during the period as an expense was £1,470,620 (2016 - £1,587,964).

An impairment loss of £125,921 (2016 - £nil) was recognised in cost of sales against stock during the period due to slow-moving and obsolete stock.

BROOM BOATS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017**

16. Debtors

	31 December 2017 £	30 November 2016 £
Trade debtors	203,090	271,367
Amounts owed by group undertakings	1,268,085	1,839,009
Other debtors	498,591	75,920
Amounts recoverable on long term contracts	14	201,565
Tax recoverable	-	80,128
	<u>1,969,780</u>	<u>2,467,989</u>

17. Cash and cash equivalents

	31 December 2017 £	30 November 2016 £
Cash at bank and in hand	123	2,893
Less: bank overdrafts	(147,577)	(386,570)
	<u>(147,454)</u>	<u>(383,677)</u>

BROOM BOATS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017**

18. Creditors: Amounts falling due within one year

	31 December 2017 £	30 November 2016 £
Bank overdrafts	147,577	386,570
Bank loans	997,698	1,095,087
Trade creditors	280,054	259,171
Amounts owed to group undertakings	7,911,290	6,777,625
Other taxation and social security	38,868	85,380
Other creditors	257,325	65,368
Accruals and deferred income	168	163,530
	9,632,980	8,832,731

Bank facilities of £1,145,275 (2016 - £1,481,656) are secured over the industrial premises, debentures and bank balances of the Company along with a cross guarantee with Broom Marine Group Limited.

Some of the Company's bank loan agreements are subject to covenant clauses, whereby the Company is required to meet certain key financial ratios. The Company did not fulfill the profit before interest and tax / interest charge ratio as required. Due to this breach of the covenant clause, the bank is contractually entitled to request for immediate repayment of the outstanding loan of £997,698. The outstanding balances is present as a current liability as at 31 December 2017.

The bank has not requested early repayment of the loan as of the date these financial statements were approved by the Board of Directors.

BROOM BOATS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017**

19. Financial instruments

	31 December 2017 £	30 November 2016 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	1,969,766	2,266,424
Cash and cash equivalents	123	2,893
	<u>1,969,889</u>	<u>2,269,317</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(9,594,112)	(8,747,351)
	<u>(9,594,112)</u>	<u>(8,747,351)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, accruals and other creditors.

20. Provisions

	Legal provision £
At 1 December 2016	19,334
Charged to profit or loss	(19,334)
At 31 December 2017	<u>-</u>

21. Share capital

	31 December 2017 £	30 November 2016 £
Allotted, called up and fully paid		
58,210 Ordinary shares of £1 each	<u>58,210</u>	<u>58,210</u>

BROOM BOATS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

22. Reserves

Share premium account

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Revaluation reserve

The revaluation reserve includes all increase and decrease in the value of assets held by the company.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge for the period was £16,568 (2016: £21,634). £2,771 contributions (2016: £3,366) were payable to the fund at the balance sheet date.

24. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	31 December 2017 £	30 November 2016 £
Not later than 1 year	5,008	7,005
Later than 1 year and not later than 5 years	6,579	13,297
	<u>11,587</u>	<u>20,302</u>

25. Directors' personal guarantees

M R Scott has provided a personal guarantee of up to £nil (2016: £300,000) over the company's bank borrowings.

26. Related party transactions

The Company has taken advantage of the exemption contained in FRS 102 Section 33 and has not disclosed transactions between wholly owned members of a group.

BROOM BOATS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017**

27. Controlling party

The immediate parent company is Broom Marine Group Limited which is incorporated and registered in England and Wales.

The ultimate parent company is M Scott Property Group Limited which is incorporated and registered in England and Wales.

The results of the company will be consolidated within Brundall Investments Limited. A copy of these financial statements can be obtained from Companies House.